

AN
INQUIRY

CONCERNING
THE NATURE AND USE OF MONEY;

WITH A
FULL DEVELOPEMENT
OF THE OPERATION AND EFFECTS OF
THE LAWS OF RESTRICTION

ON
The Bank of England

FROM
PAYMENT OF ITS NOTES IN SPECIE.

CONTAINING,
AN EXPOSITION OF THE PRESENT STATE OF THE
CIRCULATING MEDIUM OF THE COUNTRY.

TO WHICH IS PREFIXED, AN
INTRODUCTION,

DEMONSTRATIVE OF THE IMPORTANCE OF A COMPLETE
ACQUAINTANCE WITH POLITICAL ECONOMY ON THE PART OF
THOSE WHO CONDUCT PUBLIC AFFAIRS, AND THE DANGER
ARISING IN ALL OPULENT COMMUNITIES FROM
A NEGLECT OF THAT SCIENCE.

BY
SAMUEL READ.

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*This book was written by
an uncle of
Ch. Robertson.*

*Chas. Read
11th Aug. 1816.*

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PREFACE.

THE design of the following Work, embraces the developement of that branch of the science of political economy—the nature of money; and the discussion of the policy and consequences of the Bank restriction law: a law which, in the opinion of the Author, has been the source of the present unexampled distresses of the country; at least of that part of them which press most heavily upon it—the great revolution of prices which has recently taken place.

Much has been written upon the law of restriction, but very little to any good purpose. The misfortune is, that most writers, and probably most readers, are but too slightly informed upon the nature of the subject they attempt to unfold, or sit down to study. The effects of a protection extended to banks, freeing them from the force of the obligation to pay their notes in specie, cannot be explained or understood without

being previously thoroughly acquainted with the nature and use of money, and the consequences of those accidents and derangements to which it is liable, through rash interference or careless neglect.

Amongst the numerous productions on this subject which have appeared—those floods of *nonsense* which have poured from the press—since the derangement in our currencies, which was the natural consequence of the restriction, attracted the notice and attention of the public, although many works of merit have been seen mixed in the mass, they have been, in general, rather calculated for the use of those having already made considerable acquirements in political economy, than accommodated to the information of the uninformed multitude. That their utility, therefore, could not but be extremely limited, will be apparent, when we reflect how comparatively few they are who have bestowed any considerable attention upon, and are rationally conversant in, that science.

The plan of the Work here offered to the public is intended to remedy this defect in the mode hitherto pursued of discussing the subject, and, by producing and congregating a body of information, embracing the whole details connected with it, to enable those who have made but a slender progress

in the science, to make themselves master of that portion of it which relates to money; and to capacitate them for forming to themselves decisive opinions upon a question, on the proper and speedy determination of which, depends, in the opinion of the Author, consequences of the utmost moment to the safety of the country, and indispensably necessary to the renovation of its prosperity.

The plan pursued here, is first to investigate the nature of money; to point out the laws to which it is naturally subject—the functions which it has to perform—and the regulations by which it ought to be governed; to demonstrate the difference between money of intrinsic value, and money resting upon credit; and, when sufficiently schooled on these subjects, and made acquainted with the nature and use of money, abstractly considered, we can proceed with proper advantage to the discussion of a question by which money is affected, and which infringes and subverts its ordinary laws.

Had not the multitude of writers who have treated of the subject, proved the extraordinary and astonishing want of information which prevails upon it, the present mode of proceeding to the attack of that much, but unwarily extolled measure, had not been necessary. But when we

sufficiently consider the absolute contempt of every established principle of political science, which so numerous a body of these writers have evinced, or, rather, their utter unacquaintance with those principles, and contemplate the uncertainty and undecision which prevails in the public mind, on a subject in itself so clear and demonstrable, no way of proceeding seems at all adequate to put down the miserable notions taken up on it, and to open the eyes of the public, without fully explaining, in the first instance, the subject of money.

An attempt is, therefore, now made to elucidate the controversy in this way. With regard to the *execution* of the task, which the Author has thus endeavoured to explain, he has not now any thing farther to do, or to say, or to concern himself about it, than simply to assure his readers, that it is done to the best of his abilities, and with a true intention to benefit his country, and to avert from it disasters which he conceives cannot fail to attend it, so long as the measure which he deprecates shall remain in force. He is sufficiently sensible of the deficiencies and imperfections of his performance; but he persuades and flatters himself, that something is accomplished sufficient to plead his excuse for publishing.

It is all hardly
well except
ing now & then
a harsh term

which might have been easily softened & the
force of his Argument been equally strong

If it should be thought by any, that, in the course of his various discussions in this Work, the Author has treated men and measures with too much freedom or arrogance, he would beg to observe, that when conduct and measures are under review, respecting subjects which are uncertain in their nature, and doubtful in their issue, it is but fair to speak with respect and deference to the opinions of others ; but when the controversy concerns matters and questions which are portions of universal and eternal science, and which are capable of demonstrative proof, it would be rather conceding too much, and carrying complacence beyond its legitimate bounds, to treat with lenity prejudices, or rather, in this case, ignorance on such a subject ; particularly when it appears in those whose situation more imperiously demands the knowledge which is wanted, and whose ignorance produces effects so dangerous and so dreadful to the country ; but, above all, when those persons pretend to despise the science which alone can teach them that knowledge of which they stand in need.

The Author certainly entertains no quarrel or enmity against public men, except upon public grounds ; and had the friends and admirers of those politicians whom he may seem to have treated with too much severity, not so far forgot-

ten the interests of truth, and the benefit of the country, as to applaud measures which are its ruin and its scourge, there would have been no occasion for those animadversions which he has felt it his duty to throw out. But when it is endeavoured to prop and bolster up a mischievous measure of administration, and to uphold a fatal error in legislation by the weight of names and authorities, and by the credit of success in other measures, it seems time to discriminate, and to examine the pretensions set up. It seems time that forbearance should give place to duty; and that sentiments of respect for public characters should yield, and be regarded as subordinate to public utility.

EDINBURGH, *May 8th* 1816.

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INTRODUCTION.

IN the present era of the world, and state of human improvement, it might have been expected in all civilized countries, or at least in those which hold any superior pretensions to learning and intelligence, that the men to be found at the head of nations, and acting in the direction of the affairs of states, should have been, if not the very first in the society, certainly those not absolutely ignorant in any department of science which it is most necessary and important for a statesman to know, and the elements of which are to be found sufficiently explained and elucidated in the writings of his own language. Yet it is mortifying to be obliged to confess, that in our own country, which aspires to the station of the first in the world, individuals should be found promoted to fill the first offices of government, who are not only deficient in a science which it

is highly important for a statesman to be thoroughly acquainted with, but who absolutely and fairly pretend to hold that science in contempt. Our precious ministers, and their wise party, pretend, it seems, to despise political economy.

Happily, however, for humanity, this science seems now to have attained to that sufficiency of strength and consistence, as to have little to fear from the detraction of its enemies. Indeed, this slighting seems to be rather rash and unwary. Those redoubted champions, for a contempt of that which must cost some application and some brains to acquire, had probably conceived, in the simplicity of their hearts, that political economy was a subject of an uncertain kind, and only fit for controversy. They did not imagine, we suppose, that any truth had been absolutely discovered, or could be ascertained in it; and they probably thought that they might take up either side of a question involving any one of its conclusions, which inclination might prompt, or political sympathies instigate, and yet remain safe from the conviction or exposure of error or ignorance. They are surprised no doubt to be told, and will perhaps be loth to find, that it is truly what they did not expect or conjecture—a science; one in which much cer-

tain and undoubted knowledge is to be obtained, and is already stored up at the service of those who may have a wish to avail themselves of its advantages.

Political economy being a portion of universal science, its doctrines and truths will remain the same in all times and circumstances; and it will not submit to be made the instrument of political juggling and chicanery. There is in it, indeed, much room for farther discovery and developement, or rather indeed principally the latter. Much is already discovered and made plain—much remains yet to be elucidated. But if the impotent intellects of these scoffers were not capable of enlarging the boundaries of science, and increasing human knowledge, it was not too much surely to expect that they might have been acquainted with that which was already demonstrated, and which it so much behoved their situations to have known.

But the most devoted and busy friends and advocates of our ministers assume to speak with an affectation of contempt, and are pleased to talk with petulance and flippancy, of “the economists.” Those puny mortals despise political economy, because they do not understand it. They have chosen their side, and let them try how long and with what honour they can keep

it. "The economists" have little to dread from their malice or their wit.

Let us here inquire into the cause of the phenomenon, why so few of our statesmen are ever found possessed of any tolerable acquaintance with what appears so necessary to the advantageous discharge of their duties; and this will lead us, in the first place, to inquire, what are the most important qualifications for the office of a statesman? *

There are two principal sciences, a thorough and profound knowledge of which appears absolutely necessary to afford any just pretensions to the character of a statesman. The first is that of *Universal Morality*; the second, of *Political Economy*. Those two sciences are probably the greatest, most general, and comprehensive, of all departments of human knowledge; and as the duties which the statesman undertakes to perform are the most important which can be exercised on the broad theatre of the world, so are the qualifications which the character requires great and extraordinary.

Among the numbers who hold themselves forth

* It is not "that little crafty animal called a statesman," of Smith, that we here intend to designate and describe; but a man capable of directing with advantage, and worthy of being entrusted with the affairs of a nation.

to the view of the world in this character, it is much more common to find a competent knowledge of the former than of the latter of those two great sciences. This accident arises in a great degree from the familiar nature of the science of morality, in which every man is in some degree a proficient; so that, in fact, the study of morality may probably be justly said to be more truly the constant occupation and business of every man's life, than even his particular calling, or than any other occupation whatever. Even when busied in other concerns, men's minds will be continually running on human actions, motives, and conduct; so that indeed their whole lives may be looked upon, and may truly be asserted, to be one continued school for this universal, important, and unintermitted subject of attention and regard. It is then no way wonderful when we consider the universal attention bestowed upon this subject, and the multitude of minds occupied upon it, that among men of liberal education and pursuits, numbers should be found who, carrying forward their views beyond the narrow boundaries and limited attainment of merely *particular* morality, have examined the foundations on which the science depends, and the principles by which it is regulated

—who have generalized those principles—and prepared themselves to act in the most extraordinary and difficult circumstances with wisdom and honour; and to be always ready to vindicate their conduct in the face of the world on the broad basis of universal morality.

It is different, however, with regard to the important science of political economy. Men's minds are not so universally engaged by it, or directed towards it. For although it undoubtedly be a matter of just concernment and important regard to every individual member of a great civilized community, it is not so intimately connected, and has not the same affinity with his private and particular concerns, and with all the transactions of ordinary life, as the science of morality. Besides, political economy is in its own nature a science rather of a repulsive and uninviting nature, towards a first approach or transient review. It is one extremely abstracted, and requires much patient observation and persevering attention, as well as a habit of clear and comprehensive reasoning, to attain to any tolerable proficiency in it.

It is not a science that you can go to school to learn; the seminary for it is the great theatre of human affairs. You must review, often with discriminating and comprehensive perception, the

actions, and commerce, and business of men. You must survey, with unceasing and anxious attention, the great events of the world, and the minor conduct of individuals before you, with a special reference to their general causes. The *data* on which the science of political economy proceeds, and all its conclusions ultimately rest, are contained in the events of civilized life, the operations of commerce, and of political institutions. These must be often, and even habitually, surveyed. The phenomena which they present must be attentively considered; their causes and effects rendered familiar: all which, can only be done by a long course of study, experience, and observation. A smattering, indeed, may be acquired, and generally is acquired, by every man as he advances in years, who turns any attention at all to politics, or who is any way interested beyond himself, and regards with concern the welfare of his species. But not without the labour we have stated, and a capacity not inconsiderable into the bargain, can such a knowledge be acquired, as to fit a man for filling with advantage, with dignity, and with firmness, the office of a statesman.

These considerations may perhaps appear sufficient, to account for the great deficiency in this branch of the proper study and understanding of

a statesman. But, in addition to all this, the attention of mankind has not been yet sufficiently awakened to the true value and importance of the subject; neither are they as yet thoroughly or generally aware of the *certainty* and precision of the knowledge to be acquired in it. It has generally been held, and is yet esteemed, by the multitude, who remain unacquainted with it, to be but a subject of vague conjecture, regarding which every man should be at liberty to form hypotheses as he pleases; and not in the light of a science, in which sure knowledge is to be attained, and to which demonstrative certainty belongs. Accordingly, the attention of the public in general, and of individuals, with some rare exceptions, has been commonly directed towards it in a desultory and accidental manner; they have not kept this great and important science, like that of morality, continually in their mind's eye. They have not constantly and habitually accustomed themselves to contemplate every appearance or phenomenon in politics, in commerce, and in private life, with a view to their more general causes; and having carefully observed the reference which they bear to those causes, derived thence a general principle to guide their decisions. Yet this is the toil (or the pleasure!) to which he must subject himself, who aspires

to a thorough mastery in this most important science; and such is the necessary and indispensable duty of him, who would prepare himself to fill with advantage that most important of all offices, the office of a statesman.

Being a science which, in numberless of its most important problems, is capable of the most strict and satisfactory demonstration, it is one which we are entitled to say, a man does or does not know, according as the fact may be, in the same manner as we are entitled to say, a man knows or is ignorant of the mathematics. It is no satisfactory answer to this to say, that many of its doctrines and principles are matters of extensive dispute. They are so among those only who are unacquainted with it, or who, having examined but its surface, and some of its most obvious features, are necessarily but imperfect judges of the subject. But the great and important principles of the science have been acknowledged since the days of Hume and of Smith, by all those who have bestowed attention, and been capable of forming a judgment upon it; and are established upon a foundation of reason, demonstration, and truth, which it is to be hoped corruption will be unable to sap, or ignorance to overthrow. If those great men have not amplified and illustrated, in minute detail, every se-

parate part and multifarious problem of this mighty science, the performance of labours so extensive being a task too great to be accomplished by one individual, or in one short life, remains, of necessity, a work for posterity. Whether, indeed, such detailed explanations of this science *can* be given, as may be sufficient to communicate it without applying to the fountain-head itself—observation and study of passing events—it would be bold to say; but, at all events, being a task which far outstretching the limited opportunities and narrow existence of humanity, the full developement of all its parts can only be accomplished by the accumulated labours and additions of successive generations.

But the means of acquisition and information in this science, being ample and sufficient to direct inquiry, and to crown diligence, there is no excuse for those who pretend to direct senates, and to measure out laws, being ignorant of what is so necessary for the just and safe execution of those acts. The principal features of the science are already pointed out, and many of its subordinate and separate branches completely detailed. The writings of Hume and of Smith, are indeed alone sufficient to enable any man, with a capacity worthy to entitle him to the direction of the affairs and protection of the fortunes of

his fellow men, and to decide the destiny of states, with a proper and adequate use of his own reflection, to master the whole doctrines and universal subject of political economy.

There is none but the mathematical sciences where more numerous instances of strict demonstration is obtained than in this. Nor is the rigidity of proof, in many of the problems of political economy, in any degree surpassed by those in the mathematics itself. The *data*, or ultimate facts on which the superstructure of the mathematical sciences repose, are indeed different in their nature from those which form the basis of political economy, but they are not so in the degree of their certainty.

The *original data* in the mathematics, are *physical* and *formal*.* In political economy, they are *metaphysical*,—*intellectual* and *moral*. The modes, or reasonings, by which we proceed and

* It is the *mixed mathematics* (or practical) we here allude to; and by *original data* is meant, in this place, the nature of the primary facts about which they are conversant, which being of a nature different from those about which political economy is conversant, is sufficient to occasion the very great difference between the two sciences. The relations,—the magnitude, distance, &c. of material bodies,—come into the view of the one; the causes and effects of human actions are the object of the other.

derive our conclusions, are alike in both, as they are in all demonstrative processes.

That men will, *in general*, follow that line of conduct which they consider conducive to their interest, or which it appears to them, from their estimation of events without them, and their feelings within, that it will be for their advantage and happiness to pursue, seems, from observation and experience, a conclusion equally sure on which to build any *general reasoning*, as the most undoubted proposition in physics. Neither does it appear one whit less certain and conclusive than the proposition that two and two make four, or that the whole is greater than any of its parts, or than any other of those undeniable truths on which the mathematics establishes her immoveable demonstrations.

I do not hesitate, therefore, to affirm, that the knowledge afforded in this department of scientific research, is not less certain than that acquired in the mathematics themselves. And I presume to hope, that instances will occur, in the course of the discussion on which we are about to enter, where the proofs or demonstrations exhibited will be found not less conclusive, satisfactory, and convincing, than any of those which the mathematics can boast; although I would be far from asserting, that the greater

part, or even perhaps any of them, are conducted with that degree of perspicuity and order which the subject admits, or of which that particular portion of the science is susceptible.

Political economy, considered as a science, is undoubtedly of modern collocation. Perhaps it might have been, that in those ancient and heroic societies, whose brilliant career preceded the darkness which rested on the middle ages, and brooded with the gloom of night over the darker character and actions of the human species—perhaps it might have been, that, amidst the most illustrious periods of Grecian and Roman story, some of those generals of Athens and Rome who conducted the affairs of those renowned republics—perhaps some of those generals of Athens, who, while they directed the armies and fleets of that memorable state, at the same time wielded the treasures of the world—and perhaps some of those sages, who contemplated the progress of events before them, and observed their effects upon the general situation of their country, and its extensive colonies—perhaps Aristides and Socrates, Pericles and Xenophon, might have,—could scarcely avoid to have some rude notions of that which is now more strictly and generally understood by the term Political Economy; but it is by no means probable, or, rather, it appears certain, that they had not arranged and generalised

their notions upon the subject, into that regular and uniform structure which could entitle it to the name or consideration of scientific knowledge. At least, if they did so, it has not been transmitted in such a shape to future times; nor will it be contended, that the ancients have left any information on political subjects which can be placed in parallel or in competition with modern political economy. Indeed, when we observe the vast difference and superiority which we possess, in this respect, above the ancients, we must admit, that this science is scarcely less improved above what it was in former times, than is the science and the arts of chemistry. When we contemplate the knowledge which has been transmitted to us from the ancients, in this department of politics, and consider it in competition with that which we now possess—and still more, when we compare the dark, the iniquitous, and sad political transactions of later ages, and the principles and maxims, or rather accident and caprice, which afforded origin and guidance to those miserable and melancholy scenes which were but lately perpetrated on the broad theatre of Europe, with the brighter history of modern times, how vast must appear the difference between them! In short, when we contemplate together the total aggregate of ancient attain-

ments in this great division of politics, and the science of political economy as it now exists, we must confess, that the despicable frauds, the wild ravings and absurd conceits of the frantic alchemists, are not more unlike the open candour and generous ardour after truth of the modern chemists, and their satisfactory and convincing, though subtile and refined experiments and speculations, than are the dark principles and political pravity of those miserable periods, to the enlightened, and generous, and just political principles which are now generally advocated, however incommensurately practised in modern times.

When we reflect, then, on the vast importance of this science—on the *certainty* which is to be attained in it—and on the mass of sound compilation in which it is condensed, and the opportunities for acquiring it, so far as books can communicate such knowledge, we must deeply lament, that so few of our statesmen are ever found to be endowed with any tolerable proficiency in it. And our regret must increase, when we consider, that the conclusions which it establishes are not only certain and satisfactory in themselves, and sufficiently to be depended on, but are continually required to direct his path, and guide him in safety amidst his perilous proceedings. How

many are the rocks and quicksands it points him to avoid! How numerous the tempests it directs him to baffle! It instructs him to conduct the labouring vessel of the state, with a steady and confident hand, through a sea of troubles to a haven of safety. Like the skilful pilot, amidst the perturbed ocean, whilst his bark is labouring with incessant motion under the united impulse of the tempestuous billows and the unintermitted rage of the sweeping hurricane, who sits serene upon his deck, and, in confidence of his skill, views, with a tranquil and courageous eye, the terrific warfare of the contending elements, and calm and untroubled amidst the dreadful uproar, guides with a firm and untrembling hand the rudder of his security; so the consummate politician, with such confidence, and with such security, guides the vessel of the state, and conducts it in safety through the perils which surround him.

In fact, without this other half, this counterpart of his political character, the statesman is like a ship tossed upon the ocean, without a compass or a rudder to guide it among the billows.

How different is the situation of the profound adept in political science! distinguishing the true principles of commerce, of society, and of political security, from those which are spurious, noxi-

ous, and unsalutary; he gives no ear to the voice of ignorance, which would in vain endeavour to swerve him from his duty, and from the safe, and uniform, and infallible principles, which this important science teaches him to recognise. He travels onwards with a steady, unwavering, and irresistible step. Possessing a sure knowledge of the ground upon which he ventures to tread, and upon which he can rely, he fears no hidden thunders to fall upon his head, and no latent earthquakes to burst from beneath him, and to heave into terrific and tremendous motion, the plains and the mountains which now placidly surround him. Undisturbed with anxious fears and feeble doubts, he acts with decision, energy, and firmness—with vigour and celerity, when the public exigencies demand his labours; and in the intervals of tranquillity and peace, when his mind is turned from the care and concernment of his fellow mortals, he reposes in security; and, conscious alike of his knowledge and of his virtue, slumbers beneath the umbrage of the approving, protecting, and overshadowing Divinity.

Rationally instructed, and rendered familiar with the science and the duties of a lawgiver and a statesman, he employs his whole efforts to maintain justice between men, without intermed-

ding with the private or particular direction of their labours or concerns. He rests in firm confidence, that the unerring principles of human nature and of human society, will, without his care or assistance, guide the efforts of all the individual members of a state, while labouring unfettered and unenthralled for themselves, to one common point,—the general benefit and advantage of the whole. Properly informed in the true and ascertainable principles of political science, he recognizes his duty simply to be, to prevent the individual members of the community from committing injustice against one another—not to chalk out for each his separate path. Such a lawgiver lays down the boundary which the subjects of his government are not to pass, but never marks out their course within its limits. Nothing can be more necessary than his interference and authority in the former province; nothing more pernicious and hurtful than his meddling in the latter.

The proper office of government and authority, is to maintain justice between man and man; but never to direct individual effort, and still more undoubted, never to stand forth to break an engagement.

But what did the law of restriction on the Bank of England do? It screened a great mer-

cantile company from the payment of its bills. The payment of bills, and the performance of all other contracts, equally specific and indisputable, and equally founded on the first and most indispensable principles of social existence, private security, and eternal justice, are obligations which the law ought never to dispense with. It is one of those important principles and obligations which, if ever it is to be broken through, and suffered to lie dormant, and to remain inefficacious, to combat some sudden and terrible evil or emergence, it must be allowed to slumber but for a space—if greater calamities are to be avoided, it must, ere a long period elapses, resume its activity, and renew its force.

Whatever indulgences may be granted or given by one individual to another, the law ought ever to enforce,—that is, support individuals in the power of enforcing,—the strict performance of all contracts and engagements. The lawgiver ought to employ his utmost perspicuity and care, to ascertain and lay down what the laws actually are under which those engagements must be made; but let him beware of interrupting the free course and consequence of those engagements when once they are made, more especially when they are founded on the immutable principles of political society. If he adventures upon

such an experiment, he forsakes his proper and true department; and it will ultimately be found, that "he kicks against the pricks."

Whatever indulgencies may be granted or reciprocated between individuals, the *law* ought never to intermit its authority. Nor can it ever do so with safety or impunity to the subjects of its government for any long period of time.

The restriction on the Bank of England was a flagrant violation of one of those most sacred and indispensable principles of law and justice, introducing inextricable confusion to many sorts of property, and enforcing a tax or contribution on the country in favour of the Bank, undefined, indeed, and fluctuating in its amount, but essentially unjust, and unequal, and vexatious in its operation.

It introduced an accidental and adventitious cause of gain and loss into all the transactions and commerce of men, which could not be calculated, and was probably seldom anticipated, conjectured, or understood. But whatever gain arose from it to any one, was unjust gain, and the whole amount was loss, and therefore unjust and unnecessary loss to others. But the statesmen and the party who support that law, seem scarcely yet to be convinced of its mis-

chievous effects. Perhaps they are not yet aware or convinced of the ultimate consequences of the infraction of justice, if it be done under a legal sanction, although that infraction be extensive in its operation. They have not studied that science which can alone direct them in the road of their duty.

A strict and steady adherence to those important and fundamental principles of which political economy demonstrates the soundness and the value, is the only true and sure method of promoting the prosperity and preserving the safety of a state; and it is extremely necessary that public men should be acquainted with it. In every country, it is highly useful to observe the principles which it teaches and explains; but in a country of great wealth, those principles are much more apt to be infringed, and *there* it is doubly important that they should be kept in view. An ignorance and neglect of this science, and of the principles which it demonstrates, has precipitated into ruin all those celebrated nations of antiquity which attained to eminence and grandeur since the world began.

It is this which constitutes the vast and measureless difference between ancient and modern politics. It is this science alone which, if duly cultivated will secure nations against that ruin

and decay which has been held necessarily to follow, and quickly to succeed, their improvement in opulence, and advancement to power; and if, indeed, it cannot prevent the ultimate and possible catastrophe which not only all the works of men, but even the world itself, seems destined to endure, it yet bids fair, if due advantage be taken of it, to render the fate of future generations less fleeting and transitory than that of those which are for ever buried and sunk in the revolutions of ages.

It was in the absence of the knowledge of this science, that all those renowned nations of antiquity were overwhelmed with the weight, and buried under the crash of their own greatness. The *undulations* of a wealth like that of Britain at the existing moment, if not guided and directed by the governing and steady hand of impartial justice, are for ever in danger of occasioning sudden ruin or extensive calamity—continually threaten the security of the system, and cause the political structure to totter to its fall.

This is the true origin of the universal outcry raised and encouraged in all ages and countries, by the severely wise, against wealth, luxury, and effeminacy. Discovering by experience and observation, and learning by the universal testi-

mony of historical records, that no sooner were nations advanced to opulence and power, than they were speedily precipitated into anarchy, revolution, and decay, men believed that wealth was necessarily the cause of the effects which they perceived. But it was not the wealth, but the mode of its distribution, at variance with justice, through the ignorance or misconduct of those who directed public affairs, that caused those sad reverses and fatal revolutions. It was not the pure and simple effects of wealth, or the luxury which it necessarily occasioned, nor of the alleged effeminacy supposed to be concomitant, which caused the ruin of those countries. It was internal disorders, occasioned by the reign of injustice, tyranny, and public rapine. It is not from without, that the danger to such countries has oftenest happened, or most frequently been destructive. The knowledge, and the skill, and the numbers, which always exist in a country of great wealth, luxury, and refinement, will generally be found sufficient, and more than a match for the physical superiority (if such superiority really exists) of those barbarous nations to whom they may be opposed.—It is from *within* that their greatest danger arises, and is to be dreaded. If no misgovernment obtains *there*,

they have little to dread from foreign assault.

This important modern science, teaches us to avoid those rocks on which nations have been shipwrecked in former times. Political economy teaches us, that JUSTICE is the first great principle of the prosperity and security of states; and that LIBERTY is the second. It discloses, that *justice* is the first great principle, by demonstrating, that it is alone where property is secure that industry can flourish, or wealth accumulate. What shall induce him to exert with alacrity all the powers of his body, and to urge with ardour all the faculties of his mind to acquire property, and to become possessed of the goods of life, if he has reason to dread that he shall not enjoy those blessings after he has acquired them? What shall instigate him to incessant toil, if its fruits must be uncertain, and its recompense insecure?

Political economy teaches us, that *liberty* is the second great principle of national prosperity, wealth, and greatness. Not that liberty which prompts fools to insult their superiors: Not that sort of liberty which disregards the distinctions of rank and the gradations of society, and which delights to mock and to insult the feelings of humanity; that liberty which barba-

rians would indulge, to vex those whom they have no just reason to attack: Not that sort of liberty upon which *John Bull* seems so haughtily to pique himself, and so pre-eminently to delight in—the liberty of licentiousness, of using saucy language and rude expressions to those who never offended him, nor deserved his resentment, merely to give proof how little he regards them. It is a liberty quite different from this which is here meant: It is a liberty which undoubtedly includes liberty of person, and independence of thought and speech, without which there can, indeed, be no liberty; but it is *liberty of action* which the science of political economy principally regards: Liberty for ALL to employ their labour, and their talents, and their capital, and their time, in any occupation or pursuit which their particular inquiries and observation lead them to regard and to prosecute as most conducive to their interest.

It is “the lifeless, but steady principle of interest,”* which, when left free to operate, can give that stability to states and empires, which

* But so dissimilar were the fluctuating politics of Greece to the regular transactions of modern times, (governed by the lifeless but steady principle of interest,) that the Platæans, &c.

the more generous but less salutary maxims of ancient and heroic nations never could communicate or secure.

But it seems it is the fashion among the Tories to decry this science. Those who hate "the Talents," equally dislike "the Economists." Uninformed upon the subject, and unaware of the demonstrability of its truths, they have rashly committed themselves. They pretend to despise this science, because they do not understand it. But, hold—let me here quote the censure of Mr Hume upon the same subject, who, at the beginning of his Essay on Commerce, thus discourses.

"All people of *shallow* thought are apt to decry even those of *solid* understanding, as *abstruse* thinkers, and metaphysicians, and refiners; and never will allow any thing to be just which is beyond their own weak conceptions. There are some cases, I own, where an extraordinary refinement affords a strong presumption of falsehood, and where no reasoning is to be trusted but what is natural and easy. When a man deliberates concerning his conduct in any *particular* affair, and forms schemes in politics, trade, economy, or any business in life, he never ought to draw his arguments too fine, or connect too long a chain of consequences together. Something is sure to happen, that will disconcert his reasoning, and pro-

duce an event different from what he expected. But when we reason upon *general* subjects, one may justly affirm, that our speculations can scarcely ever be too fine, provided they be just; and that the difference between a common man and a man of genius is chiefly seen in the shallowness or depth of the principles upon which they proceed. General reasonings seem intricate, merely because they are general; nor is it easy for the bulk of mankind to distinguish, in a great number of particulars, that common circumstance in which they all agree, or to extract it, pure and unmixed, from the other superfluous circumstances. Every judgment or conclusion, with them, is particular. They cannot enlarge their view to those universal propositions, which comprehend under them an infinite number of individuals, and include a whole science in a single theorem. Their eye is confounded with such an extensive prospect; and the conclusions derived from it, even though clearly expressed, seem intricate and obscure. But however intricate they may seem, it is certain, that general principles, if just and sound, must always prevail in the general course of things, though they may fail in particular cases; and it is the chief business of philosophers to regard the general course of things. I may add, that it is also the chief business of politicians; especially in the domestic go-

vernment of the state, where the public good, which is, or ought to be their object, depends on the concurrence of a multitude of causes; not, as in foreign politics, on accidents and chances, and the caprices of a few persons. This therefore makes the difference between *particular* deliberations and *general* reasonings, and renders subtlety and refinement much more suitable to the latter than to the former."

Indeed, it seems to be a matter of considerable doubt, whether this science be not so far incommensurate to the ordinary run of human understandings, as for ever to exclude the hope of mankind being able to reap the full advantages held out by it. Because it is much to be feared, that the blindness, and ignorance, and perversity of the human race, incapable of perceiving clearly, or comprehending distinctly and adequately, their true interest and advantage in matters so momentous, must eternally subject them to misdirection and delusion, and render them continually liable to the artifices and deceptions of ignorant pretenders, or knavish and remorseless impostors in government. It is only when a true proficient in the science, and master of the art of government, is carried by some wonderful and astonishing fortune to the helm of human affairs, that any hope can be entertained, or any great good achieved. And how seldom can this be ex-

pected, when it would seem to be a proposition almost demonstrably proved, that, under the old governments of Europe, not even excepting Britain, the people either want the understanding, or the power, to place men of knowledge and capacity in the reins of government.

Indeed, if we except a few of those men who, during the revolutionary tempest which has recently agitated France, were for a moment heaved to the top by the rocking of the billows, and the single other instance of Jefferson in America, perhaps there never existed any other example of an individual having the chief direction of the affairs of a nation, who possessed at the same time the knowledge and the inclination, which could enable him, in every department of government, to promote its interest, prosperity, and happiness.

No statesman which our own country could ever boast at the helm of authority, possessed this knowledge or capacity, or could in any manner pretend to an understanding of the science of political economy. Pitt was ignorant of it. Perceval despised it. And even Fox, although his capacious and superior mind could almost embrace, by intuition and native energy of thought, every subject of political interest, yet even he could not be said to be particularly conversant, and facile, and familiar with all its details. Nor

can we wonder much at this universal deficiency, when we consider how little has been the spread of this science till very late years. It is *we*, in this era of time and spot of the earth, who are more particularly called upon and bound to be acquainted with it, and to avail ourselves of its advantages.

Indeed, if we may judge from the period at which it has appeared in the world, it would seem to require very important and general advances in all the departments of knowledge and learning, and arts and commerce, before this *most general* of all sciences can be cultivated with effect, or intimately understood.

Those statesmen of our own country whom we have just named, were all highly cultivated and intelligent in the *moral* part of the qualifications of a statesman. They were all powerful in argument, and acute to judge on any general principle of expediency, right, or justice, which required moral discrimination *merely* for its decision. But set them to consider a question which required for its discussion an acquaintance with the principles of trade, or the general causes of the accumulation or destruction of wealth in a country, and they instantly appeared uninformed as novices, and were perpetually blundering and groping in the dark. They could not

move a step without falling into a pit. They were willing, it may be conceded, to do good, but they did not know how to do it. They had one political eye with which they could see, but the other was blind.

It has been said, that the measure of restriction ought not to be made a party question. But why? Will not every question which exhibits the knowledge and capacity of the one party, and the fatal ignorance and folly of the other, be considered and upheld as a party question? And how could it be avoided to make it such? "The Talents" would never have allowed a measure like this; and the earnestness and perseverance of their opposition to it is sufficiently memorable, and sufficiently recorded.

I am aware, it may be objected, that Great Britain, notwithstanding the blunders of her statesmen, and their assumed ignorance, has nevertheless flourished and improved more perhaps than ever did any nation on the earth; and seems even now to have attained, under these very statesmen so much condemned, the loftiest pinnacle of sublunary grandeur.

It is granted, that Great Britain has enjoyed more and longer prosperity than any other country; but that has not been owing to her present statesmen, but to the wisdom of her institutions,

and the justice of her laws. She has attained to much wealth and power; but that has not been owing to the momentary measures or conduct of any set of men. It has arisen from the foundation of political liberty, right, and justice, established at the revolution. The progressive prosperity of the country since that glorious era, is the strongest argument that we have to advance in support of our position; because *justice* and *liberty*—the security of property, and the freedom of trade, although not altogether complete, has been greater and more steady here, and for a longer period, than in any other country; and hence, we infer, has arisen her steady prosperity and ultimate greatness.

Were it allowable here to trace the recent events of European history, it were easy to exhibit these vaunted ministers dwelling in the lowest depths, and weltering in the mire of *Walcheren* degradation; and surrounded with universal failure and disgrace in those periods when the Parliament voted them incapable of governing, and unworthy of confidence. It were easy to exhibit them, gradually raised from that lowest state of abjection and contempt in which they were then plunged, and elevated by the caprice of fortune, not less to their own surprise and astonishment, than to the wonder of the

country, to their present victorious and triumphant height.

And what have they gained, favoured by fortune and by accident, as they have been? What have they achieved for the good of the country, or done for its honour?

They have, at an expence of six hundred millions of the wealth of the country, and of rivers of its blood, gained an object which the greatest, and wisest, and best statesman in this nation, and I believe in the world, has declared, (in the House of Lords) that it was unjust to pursue, and undesirable to attain. They have gained an object, which was too glaringly unjust even for them to avow before success had sanctified injustice. They have gained an object—that of forcing a government on another country, which they not only could not, and did not, avow previous to success, but they absolutely disclaimed it; and that in so formal a manner as to make it the subject of an express message of explanation to the allied powers.

But these men well knew, that success sanctifies in the eyes of the world, or in its practice, the greatest iniquities. They well knew, that if assisted and helped on by the false and insidious lure held out of “no interference,” they should gain their object, and get their enemies

into their power, it would be easy for them, in the popularity of success, and the insolence of power, to disregard their pledges, and yet have little to care for the reproach of a few men, the advocates of integrity and of national honour. They could deride that scrupulosity which would boggle at national treachery, inhumanity, or injustice. They well knew that the successful can always triumph whatever iniquities they may have waded through to arrive at their guilty object. They can laugh with malignant gratulation at the victims of their duplicity, and sneer, without danger, at those simpletons who would reject an imaginary interest for adherence to a principle. Triumphant guilt, in the confidence, or in the interval of impunity, can smile with indignant scorn at the name of justice.

I like not men who maintain one doctrine in success, and another in adversity. Neither do I admire those who have one moral code for themselves and another for their enemies. Their honesty is little to be trusted whose conduct and profession of faith is changed with every vacillation of fortune, and whose principles and practice accommodate themselves with complacency and facility to the reigning aspect of political events. Neither will such conduct be ultimately found of real advantage in a national point of view. He

only is worthy to govern whose principles are unwavering, steady, and inflexible.

But on this topic we desist: Those subjects it is not fit here minutely to discuss. But we may be allowed to hold this maxim as indisputable, that our country owes its prosperity and greatness to the wisdom of its political institutions, and not to the merit or good government of the present ministers.

Under the shadow of those noble and venerable institutions, the great principles of *justice* and *liberty* which we have here endeavoured to advance and to advocate, have flourished longer, and been more strictly observed, than was ever before exemplified in any other country; and the fruit of our devotion to them is the greatness which we see. It is those principles which have carried our power and our name to the uttermost ends of the earth. It is those principles which, animating, and enlivening, and inspiring the centre, gives health, and strength, and vigour, to the distant members, and to the entire system.

Those are the principles under whose auspices the first foundations of our political fabric were piled—which have reared its magnificence, and which must ever maintain and encompass it so long as it endures.

It is the science which I have been endeavouring to recommend and illustrate, which can alone preserve that venerable pile, and transmit it entire to future ages. It is only by cultivating this science, and following, in the conduct of government, the principles which it demonstrates, that human society can be rendered steady in prosperity, and safe from convulsion. It is this great science which, encompassing, as with bonds of brass, the pillars of our constitution, can render it stable and enduring to the remotest periods, and maintain it, without shock or revolution, entire and undestroyed, to the most distant posterity.

Let us direct our attention, then, and our industry, to the cultivation of this important and sublime science, which as yet is but dawning upon the world—which comes forward in the fulness of time to prop the fair but fragile fabric of polished life,—which promises, if due advantage be taken of it, to be the firmest support of order—the bulwark of humanity—and which can alone be the happy means of rendering civilization and refinement permanent and secure.

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CONCERNING THE

NATURE AND USE OF MONEY.

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CHAP. I.

Of Money generally.

It appears sufficiently evident, that the inconveniences of barter necessarily gave origin, and still remain the cause of the use of money. “Necessity” was in this, as in other cases, “the mother of invention.” In the progress of human society and intercourse, it becomes necessary to adopt some commodity as a medium, by means of which the exchange of all others may be facilitated, and rendered practicable in every different quantity, suited to the wants and desires of every class, and of every individual, in a civilized state, according to their means of purchase, or their scale of property.

It is not to be supposed, however, that the commodity adopted for this purpose would in any

instance be expressly instituted at first, or formally recognized, as the sole and universal instrument of exchange and measure of value antecedent to its use as such. Much less is it to be imagined, that it was established originally by any act of Government or authority. The use of money in the early stages of society was purely conventional. It was at first merely a matter of voluntary accommodation and convenience among the people; and it was not till considerable progress had been made in arts, industry, and civilization, that Government at all interfered in the matter; or that coined money was instituted. The commodity which, from its natural adaptation to serve the purpose of money, has been universally used for that purpose, was originally bartered and exchanged by weight like any other commodity. And it is notorious, that various articles in the rude ages of the world, and in different countries, have been employed to do the office of money. The superior utility and advantages of those best calculated for the purpose, would naturally and gradually supersede all others, and at last decide their universal acceptance as the only standard of value and medium of exchange.

Accordingly we find in all countries, the metals were very early chosen to do the office of money; and that those of gold and silver have

received the preference, and have been found, by the concurrent experience and testimony of all ages and countries of the world, to be the best adapted, and fittest commodities for performing the critical and important functions of money.

Were all articles and qualities vendible, perfectly divisible, and capable of convenient distribution and exchange in minute parts, and in every conceivable quantity, and were all men prepared to take in exchange for their own separate property, any sort whatever that others might be possessed of, and might wish to give in exchange for it, there would be no occasion for the intermediate use of money in effecting the exchanges of all commodities, and in supplying the wants of every individual in a great community. Barter would, on this supposition, be absolutely perfect. Every individual would, in this case, give that particular article in which he traded, or which he might have in abundance, to any other who might have in abundance the article which he should want, and receive in return its equivalent in that article, according to the quantity which either might desire to exchange.

But seeing that the *direct* interchange here hypothesised, cannot in the nature of things possibly take place; that this primary exchange and nice distribution, in the first instance, is altogether

impracticable; that the various commodities for which all individuals have occasion in a civilized state, could never be supplied by means of barter, in the due proportion wanted by any or by all, an expedient becomes necessary, to obviate its inconveniences, and supply its defects. A common medium of exchange must be resorted to, and a commodity established, which may be everywhere received as the adequate equivalent of every thing alienable, and which may upon all occasions be transferred from one person to another for whatever it is wished to acquire. The use of money is merely to supply the deficiencies of barter. Could property of every sort be exchanged *immediately* in every varying quantity, money would have been unnecessary, and would never have been thought of.

Whilst a few articles could perhaps be negotiated by way of barter, the great bulk of commodities it is plain could not. The farmer could not, for example, distribute to the numerous consumers of his products the articles of which they consist in every diversified quantity. Neither could he be prepared to take in return for them whatever commodity might be offered him by those demanding them. It would be equally impossible for the manufacturer to distribute or exchange his multifarious productions in every

different quantity, and take in return the various property of those demanding his manufactures. Hence, then, we perceive the absolute necessity for the use and intervention of money.

But farther, if the great bulk of even physical substances could not be brought under the regulations of barter, which would be necessary to obviate the use of money, it must be still more impossible for the qualities of the mind to admit of accommodation with such an arrangement. The lawyer gives his opinion; but it is not convenient for him to take for his fee, linen or woollen cloth, or grain, dyed cotton, or salted fish, according to the trade or calling of his client. Much less would he consider it fit to be paid with a sermon out of church, or the advice of a physician when he is not sick. It is necessary and just, that he receive the adequate compensation for his labour, or exercise of his profession; and it is desirable, that the compensation which he does receive be of such a nature, as to enable him to acquire for it in exchange any article commensurate with its value, for which he may have occasion, or which he may desire. An obligation from the physician to administer advice, or from the merchant to deliver his cloth to whom the lawyer should direct, would only remove the difficulty a single step. It must be an obligation of a more univer-

very good

sal kind, and capable of operating in all circumstances, and at all times, and of commanding its equivalent in every thing vendible. Such an instrument have we existing in the material shape of the current coin; such an obligation, and of such an universal character and effect. A piece of money (as a guinea) may be considered in the light of a bill of exchange, payable to the bearer *at sight* BY ALL MEN, and in any commodity or article at the choice of the holder; a bill, whose guarantee is within itself, and whoever holds it has secure value. It is at once the instrument of exchange, and a trusty measure of value. It represents within itself a determinate quantity of every thing saleable, exchangeable, or alienable. It is an order on every one to deliver goods to the amount, and it is always powerful to induce performance.

The obligation which money commands is not the less absolute, because individuals are legally left free to refuse their commodities for it. It is, on the contrary, more perfect and infallible than any which the law can create. Money is an instrument, by whose simple and beautiful operation all commodities are exchanged in all proportions with the utmost ease and exactness, and (if any care is taken to preserve it in proper or-

der) with such a measure of equity and justice as the nature of human affairs admit.

Qualities the most essentially necessary to any commodity used as money, are *portableness*, or a value great in proportion to its size or weight; *divisibility*, or a capacity of division into minute parts; *durability*, and a value as little as possible subject to variation or change.

The first of these qualities is necessary for facility of circulation; the second to permit the purchase or exchange of the smallest quantity of every commodity, which any one may have occasion for or desire; the last to secure the rights of property or justice, in all transactions wherein money is concerned, and is that to which we are more particularly engaged, to have an eye in the discussion before us.

At the first origin of society, and in the rudest state of savage life, when mankind were as yet but wandering inhabitants of the mountains and the desert; when, exclusive of war, hunting and fishing were their only or their chief occupation, simple barter, or the direct exchange of one article for another, would be the only method of commerce known or necessary. The limited wants, and the still more limited property of savages, could require nothing farther.

So soon as the appropriation of land, the mul-

tiplication of inhabitants, and their congregating into numerous bodies, gives occasion to the division of labour, and causes mankind to follow different occupations and pursuits, money becomes a necessary instrument of life; and it becomes more and more indispensable the farther a country advances in arts, populousness, and civilization.

In such an advanced period, when the vast fabric of society is rendered totally artificial, every member of the state separately accumulates or engrosses a particular kind of commodity. The *smith* accumulates *hardware*; the *farmer* accumulates *grain*; the *joiner* and *cabinet-maker* accumulate *furniture and other utensils*; the *potter* accumulates *earthen-ware*. This particular commodity, which every one accumulates or engrosses according to his calling, as he cannot exchange it piecemeal, or in detail, directly and immediately for the various articles he requires, he exchanges it in the gross for money, and with the money thus acquired, he purchases in exchange and in detail every article for which he has need. He commands money by his labour; or, which is the same thing, by the productions of his trade and industry; and with his money received for these productions, he commands all the articles and appurtenances of human life.

Were the commodity, which serves the purpose of money by any discovery of an inexhaustible store of it, to become suddenly so abundant, and easily acquired, that it could be engrossed by all men without labour or difficulty, it would instantly cease to be of value as money, and could no longer continue to serve its purpose. In this case, every one could get as much as he pleased without giving any value for it; in other words, without labour, without exercising his calling to procure it. It would cease to command any thing, and some other commodity would have to be sought after.

If this store were accessible only to a part of mankind, the commodity might continue to be used, and to serve the purpose of money; but it is plain, that in this case that part of mankind having access to it must be supported by the other part. Those fortunate individuals having possession of this inexhaustible store, could take from it according to their necessity without measure or bounds, and would command every thing which could be commanded by money. If they were few who had access to those golden stores, and discreet in their use of them, they might retain their advantages long; were they numerous, those advantages would sooner come to a period. In either case, those favourites of fortune would

have only to lift the money at their feet, and command the labour and goods of others at their pleasure.

It is plain, that the gold thus added to the sum of that circulating in all countries, would add to its quantity, and diminish its value. If, however, those having access, were so few and so frugal in their use of their good fortune, that all the gold they used to serve their purpose was no more than sufficient to supply the waste of that article throughout the world, then it is obvious they might enjoy their privilege to infinity. If they were more numerous or more extravagant in their use of their gold, and sent abroad into the world more than sufficient to supply the waste, it would gradually accumulate and cheapen; and in proportion to the excess of their use of it, or their supply to the mass circulating throughout the world, would be its depreciation and degradation in value.

To render our ideas at once clear and decisive on this subject, let us suppose that one half of mankind had access to those inexhaustible stores of gold. Then it is plain, that while gold continued to be used as money, this privileged part must be supported by the other half. They would not work for this gold or money when they could get it without; they would not want any

thing they wished for the extravagance of the price, because all prices would be the same to them, saving the trouble of telling the pieces. It is therefore plain, that they would have the full power of commanding the goods and services of the opposite half of mankind absolutely at their pleasure, and therefore of living without being of any use to them, by *their* labour, and at *their* expence. What would be the consequence of such a state of things? Why, that immense and inexhaustible quantities of the metal would be thrown on the circulation; that its value would fall in proportion; and at last, that the quantity and cheapness of it in the world would become so great, that it would be too bulky and cumbersome to serve the purpose of money, as it would not be expedient to carry a load of gold to market, to deliver in exchange for a load of potatoes.

But long before the evils and hardships of such a state of things had reached the extent I have (for the purpose of elucidation) supposed; or rather indeed the moment it should be perceived, that so great a proportion of mankind had access to this power of commanding the goods and services of their neighbours, that instant, we may be sure, the necessity would appear of rejecting gold as money.

Some other article, probably some other metal,

more rare and more universally out of the reach of all to procure without industry, must then be sought after and adopted for the purpose, which could no longer be served by cheap, redundant, and cumbersome gold.

CHAP. II.

Of the Circulating Medium, and Measure of Value.

LET us now consider the CIRCULATING MEDIUM, or *whole money of a nation*, in the aggregate, and in detail. Let us contemplate it as a whole, and analyse it into its distinctive and constituent parts. Let us note the different functions which it is required to perform, the disorders to which it is liable, and endeavour upon the whole to appreciate the qualities required in the different sorts of money, and the rules by which the whole ought to be governed, to render it capable of performing correctly its different functions.

Money has two distinct functions to perform. The one is that of a measure of value ; the other an instrument of exchange. Those different functions, though intimately and inseparably connected and blended together in practice, are perfectly separate and distinct, abstractly considered. They are perfectly distinct in their own nature ; and the qualities likewise requisite, in the mate-

rial substance of which money is composed, necessary to fit it for the proper performance of each of those functions, are distinct and different.

To be capable of performing the function of a measure of value, money must have value in itself, and inseparable from it, to the full amount of that for which it passes current. To be adequate to officiate as an instrument of exchange, it is sufficient that it be the *representative* of that which has value. For the former purpose, gold or silver, or some substance possessing similar qualities, is indispensable. For the latter, paper, or any article conveniently portable, on which can be marked an engagement or obligation, rendering it the representative of that which has value, may be sufficient. But paper never measures value. It acts merely as an instrument of exchange. It is merely the representative of that which measures. Its own value must be measured and defined. It depends for the *definition* or measure of its own value, totally on that of which it is no more than the representative sign. Nor can it be depended upon when separated, and disconnected from that which it represents, to continue the same for the shortest period.

It is necessary, therefore, to have a money of quite a different description from paper, to act

in the capacity of a measure of value ; and to fix, determine, and define the value of paper, and every other money which circulates at a value greater than it is intrinsically worth.

A measure having neither length, nor breadth, nor thickness, could not measure those qualities of matter ? A measure having no weight could never measure the weight of bodies ? Neither can a measure having no value measure their value. Money as a measure is not different in its nature from measures of other kinds. A measure of length must have length. A measure of weight must have weight. And a measure of value must have value.

If it be necessary to define and fix *precisely* the measure of length, as an inch, a foot, a yard ; and the measure of weight, as a grain, a penny-weight, an ounce, a pound ; so is it equally necessary to define and fix precisely the measure of value, as a shilling, a guinea, a pound sterling.

Nor has less pains been taken to fix and define, with accuracy and precision, the measure of value than other measures. The measure of value has, indeed, in times of darkness and error, been varied or changed more frequently perhaps than any other measure. The avarice or cupidity of kings and governments, in barbarous periods of the world, has often induced them, probably

more through ignorance than wickedness, to vary that measure for a temporary advantage to themselves; but they have always, upon such occasions, been quickly constrained, by the force of circumstances, and the wide felt importance of the subject, to fix and define the new standard.

The law fixes and prescribes the quantity of metal to be contained in the shilling: It ordains that the pound sterling shall consist of twenty of those shillings. It fixes and prescribes the quantity of metal to be contained in the guinea; and it decrees that the guinea shall pass current for twenty-one shillings. It therefore determines a pound sterling to be in silver twenty shillings of a certain prescribed weight; and in gold, twenty *twenty-one parts* ($\frac{20}{21}$) of a guinea of a certain prescribed weight.

It therefore fixes what the pound sterling—the money unit—the measure of value—absolutely is. From the quantity of metal which the measure of value is found to contain, it finds its value; and paper and every other money which circulates at a greater value than it is intrinsically worth, can only be tied down to any particular or precise value or amount by a reference to it.

But although paper be totally unfit for performing one of the functions of money, it is ad-

mirably adapted for serving the purpose of the *other*. Although it is utterly incapable of acting as a measure of value, as an instrument of exchange it is of the greatest utility. And, provided a strict and uninterrupted connection and dependence be preserved between paper money and real money, on which the precision of its value depends, no material error or injustice can arise from it; but, on the contrary, the greatest advantage and utility in all the operations of commerce and exchange.

Of the Circulating Medium.

THE whole circulating medium in any particular country may be properly divided into two parts. The one consisting of the *legal* or *compulsory* currency. The other may be called the *optional* currency.

The first consists generally of the standard coin of the realm only; the last is made up of bank notes. Tokens of all kinds, and every sort of money which is taken for conveniency merely and accommodation, and which creditors are not obliged to accept in liquidation of their claims by law.

What effect has these different divisions of the circulating medium on the measure of value?

It is the compulsory currency only which can permanently affect the measure of value. The optional currency can never affect it in any material or sensible manner, or for any length of time. *

To be convinced that the optional currency can never affect the measure of value in any material or sensible degree, or for any length of time, we have only to reflect, that, with regard to this division of the circulating medium, any discredit or doubt thrown upon any part of it, does not operate in the way of diminishing its value: It throws it out of the circulation altogether. It is refused to be taken. For example, bank notes, which always compose by much the greatest part of the optional currency, so long as they are convertible at pleasure into the coin, or compulsory currency which they represent, they are just as good and no better than it. When such bank notes receive any discredit, it does not

* An over issue of paper, by the imprudence or miscalculation of banks, even when the currency of their notes is entirely optional, may, in a certain but small degree, tend to reduce the value of the money unit for a short period. But as such a circumstance rarely happens to such an extent as to be in any degree perceptible, as it cannot last long, nor be of any considerable extent when it does happen, and as the operation of circumstances soon restores the value of the currency to its natural level, such an accident is, in all general reasonings on the subject, worthy of being entirely disregarded.

operate towards lessening their value: It annihilates them at once. So it is with tokens and all other optional currency. Whenever it is disesteemed, or found not to be convertible into the compulsory currency which it purports to represent, it is immediately refused, and thrown out of the circulation.

With regard to the legal or compulsory currency, it is different. Every single part of which it is composed, has its proportional effect in modifying and determining the value of the money unit. If it consists of the legal standard coin only, the measure of value, or, which is the same thing, the value of the money unit, will depend on the weight of the coins, and can only vary with that weight. It will approach the value of the full standard, or fall below it, according as the coin shall be more or less perfect, or shall happen to be new and heavy, or worn and light.

But there is another distinction of the currencies of which the circulating medium is composed, here necessary to be remarked. It is one which, in all sound policy, ought ever to be synonymous with the division already laid down. But as a different policy is sometimes pursued, and more especially as such a policy exists at the present time in our own country, it becomes necessary to note the difference between them.

The circulating medium then must again be divided into two parts. The one consisting of real money, or money of intrinsic value, the basis of whose estimation and currency is its proper, separate, and independent value. The other is fictitious, or credit money, the basis of whose estimation and currency is confidence or credit.

To prevent circumlocution, and for want of a better term, I shall call the first *intrinsic money*. The other *credit money*, which latter includes tokens, and every species of currency whose intrinsic value is less than that for which it passes current, or *any part* of whose current value depends upon credit.

It may be stated as an axiom never to be departed from, that no description of credit money ought ever to be admitted to form any part of the legal or compulsory currency. When credit money is confined to its proper sphere, and is only permitted as an optional currency, nothing can be more useful or more salutary : It is then sufficiently secure. In this case, any overcharge on the circulation quickly rectifies itself. There is here a sure and infallible remedy in the option of the holder of such a currency, to demand for it, when he pleases, intrinsic money ; and if at any time it becomes redundant, this demand is sure to be made.

But if any description of credit money obtains the benefit of legal protection, and is converted into a compulsory currency, there is no limit to the excess of it upon the circulation. It is not, as in the former case, when an over issue takes place, you can send it back to its source. Now it can maintain its place in the circulation, however great the quantity thrown upon it may be; and as the nominal amount of the circulating medium is thus augmented, while its real value continues the same, or very nearly the same, it follows to a demonstration, that the value of the money unit must diminish in proportion.

Of the Measure of Value.

THE value of the money unit, (and all money of account,) in every country, does not assimilate itself to the value of any separate part or particular species of the money which circulates; but arises from the *mean* or *average value* of all the different species or currencies which compose the whole mass of the legal currency of such country. The value of the money unit is governed by that of the currencies in which it is realized. It is greater when the coin is in a good state, as when it is new and heavy, than when it is in a bad state, as when it is worn and light. It is

uniformly equal to the value of the quantity of bullion, which, on the general average of payments or receipts, it is found to contain; and is, indeed, the same with it. Because that is the ultimate value which the money dealers can extract from it.

Money is not only an instrument of circulation and exchange, but an article of commerce. It is from the latter circumstance alone that it can derive *precision* of value. The value of the money unit becomes the same with that of the quantity of metal, or other article useful in commerce, which it can realize; because it is from that circumstance that the money-dealers determine the price they can give for the currency, or for any portion of it. It is from the incessant operations of commerce, that the value of money, like every other commodity, finds its proper level, and becomes, through the continual traffic of those traders, definite, calculable, and precise.

Money, we have said, is not only an instrument of circulation and exchange, but an article of commerce. Like every article, it is an object of the constant attention of a class of traders who are continually dealing in it, and watching every opportunity of making profit by commuting one part of the circulating medium for another. Those traffickers, whether acting legally

or illegally, whether within or without the pales of the law, are, and ever must be, the true and only arbiters of this department of economics; or rather, indeed, the immutable principles of trade, hold the reins of arbitration, and those traffickers are only the blind unconscious instruments. Those principles are found, in this instance, to be uncontrollable by human laws; and if they were controllable, money could never acquire determinate value, nor make that approximation to steadiness and precision which it does.

In all countries, the circulating medium is composed of different kinds of money. In none is it found to consist of one kind sole and entire. Even the legal currency is generally, and indeed necessarily, made up of a variety of currencies. In most civilized countries, gold and silver generally are used, together with some metal of inferior value, for small purchases, and change of the smaller coins, which make up together and constitute the ordinary and standard money. Those metals are always (or at least in general) varying in a small degree in their value relatively to each other; and all metallic money being subject to wear, even the coins of the same metal and the same denomination come in time to differ in their weights, and consequently in their values,

absolutely from each other. The dealers in money and bullion take advantage of these accidents, and turn them to their profit. They busy themselves in picking up all the heavy pieces they can lay hold of, whose value is greater than the generality or average of the rest of the circulating coin. Those they melt down, and selling them in the shape of bullion, derive a profit equal to the excess of the weight of each piece so melted above the average value of such pieces in the circulation; or, more correctly speaking, they derive a profit equal *precisely* to the excess of the weight of any number of pieces so melted, which go to make up the money unit *by tale* in the circulation, above that of the money unit realized in the average or ordinary currency. The reason of this is obvious. While gold and silver are confined to the shape of the legal coin, whatever difference or variety may exist in the weight of any denomination or class of them, in guineas or shillings for example, they must all pass current in every ordinary and open transaction as equivalent to one another. Any portion of them in this state, can never be regulated by the value of a few heavy pieces, which, in an ordinary payment, may be found among the mass; neither can it be regulated by a few of the lightest which are found. It must be regulated by the general

or average value of the whole payments, because it is that value which can at any time be ultimately commanded from them, and which is daily and hourly commanded from them by the money dealers. That the value of the currency can only, and must in fact be regulated by the quantity of bullion, which upon the average of payments it is found to contain, will be apparent from the following considerations.

If the value of the currency was regulated by less than the average value which can be commanded from any portion or payment of them in the ultimate resort, then the coin would be melted down, not by the tedious process of picking out the heavy pieces, but by slump. The money dealer would not, in this case, require to go in quest of particular heavy coins; he would at once make profit, by melting down the mass of any whole payment which he might receive. He would instantly convert all his money into bullion, and selling that bullion again for money; that is, exchanging it again for the ordinary currency, he would again melt it down, and continue the same process till either the whole currency should be exhausted and disappear, or till it should be drawn up to the value which it could assume upon an average when melted into bullion.

On the other hand, if the currency was regulated by *more* than the average value, it would be only coin of greater weight and value than the average, which would be melted down. And if it was regulated by a value greater than the intrinsic worth of the heaviest pieces, then immediately the same dealers would send their bullion to the mint, and speedily supply the circulating medium with new coin, till its abundance should be such as to reduce its value to what the average of the currency could purchase when converted to bullion. This would inevitably take place, because the dealers in bullion will always carry their commodity to the best market, and sell it to the highest bidder, and for the highest price; and the demand of the circulating medium in this instance, rendering the mint the most profitable market for that article, it would infallibly find its way thither.

Nor does this trade of money dealing take place merely by fits and starts, when great disorders of the coin draw the attention of greater numbers to it. It is one, which never ceases to go on in every community which has made any considerable advances in opulence; and in such a country as Great Britain, there is always a host of such traders in the principal towns, and very considerable capital embarked in the trade.

Every different currency of which the circulating medium consists, thus finds its value from the quantity of metal which in the ultimate resort it is found to contain. Every separate coin finds its value in the same manner. If any of those currencies or coins were at any time to circulate at a rate *inferior* to their intrinsic value as bullion, the money jobbers would melt them down into that article. This prevents them from circulating at a *less* value than their worth simply as metals; or, what is the same thing, brings them up, or raises them to their natural level.

On the other hand, if those coins or currencies pass at any time for a *higher* value than they are worth as bullion, immediately more of that article will be coined into money, till by this operation the latter be reduced, and the former raised, and both of them be brought to coincide in the same manner. This prevents them from passing current for *more* than their worth simply as metals, and brings them down to their natural level.

The attention of those men constantly directed to the value of gold and silver in bullion and in coin; or, which is the same thing, to what it will purchase in those different forms; will always prevent, and always does prevent any great

variation between the value of any particular metallic currency, and the quantity of metal in a free state which it contains; because if at any time this variation were to become considerable or great, great profits would be made by those dealers in restoring it to an equilibrium in the manner described.

It is thus that the value of the money unit is established; in this manner seeks its true value,—that value which is conformable to the exact quantity of useful commodity which it represents. It is in this manner that its value is now, and has been in all ages for ever maintained, the same with the quantity of bullion which it is found in the average of payments to represent or contain, or which it can realize. Laws nor government can never hinder the operations of the traders in money, nor even supersede the necessity of their labours. But it ought to be a primary object with all governments, to give them as little employment as possible; for whatever is profit to them is loss to the community; and that object can only be effected, by maintaining the coin in as perfect and uniform a state as possible, so that no profit may be derived from exchanging or commuting one part of the currency for another. And then the gain of the money dealers will be no more than an adequate com-

pensation for their trouble, in having their capital employed, and their attention directed, to this portion of the great business of the society, and for keeping the coins and currencies in due and proper connection with the value of some commodity, or from deviating unrestrained and unconnected with any precise value whatever.

Now the value of the different coins and currencies being thus kept continually to approximate the value of the metal which they contain; the money unit being a definite part or portion of those, must always bear the same reference to the metal which it represents.

Every money unit has what may be termed its peculiar or theoretic value, and its real, actual, or effectual value.

The value of the money unit in every different country, depends upon three circumstances: First, The laws, usage, or voluntary convention of the particular country or society which ordain and determine, or simply make known, the quantity of metal, or other valuable commodity, which it is understood to be fixed at, or which it *ought* to contain; or, in other words, what it *actually is*, or *ought to be*. Secondly, The actual or really existing state of the coins and other currencies in circulation, in which the money unit can be legally realized, and which affect its value, by

maintaining it more or less near to that of the full standard, according as those currencies themselves are maintained or kept up more or less near to their particular standards. Lastly, The value of the metals themselves, or other commodities of which the currencies are composed or fabricated, or their abundance or scarcity at each peculiar juncture.

The money unit derives its peculiar or theoretic value from the first of the circumstances just stated, and it is indeed that on which its very being and existence depends. From the two last it takes its general or average value, or (which is the same thing) its real or effectual value.

It is plain, that the money unit must have dependence on the laws, usage, or convention which regulate the quantity of metal, or other valuable commodity which it ought to contain. The pound sterling and the dollar must be different, if any regard is preserved to the original laws and usage which appointed the quantity of metal for each. But it is obvious, that the effectual value of either of those money units can only remain *precisely* the same with the quantity of metal so ordained and determined by convention, law, or usage, so long as the coins in which they are realized maintain their full standard values.

When the money unit is represented by a single

individual coin, (as the dollar,) this dependance is more palpable, and easily perceived; but it is no less necessary and certain with regard to those, which have no separate and individual coin answering their description, but which are made up by a number of less value, or are included in one of greater. Thus, although the pound sterling has no coin corresponding to it in name and value, yet its dependance on the value of the guineas in which it is included, and the shillings which make it up, and in both of which it is realized, is no less certain and necessary than it would be on a coin of the same name with itself, if, as in the case of the dollar, there were a single individual coin corresponding to it.

If this were the case universally, however, and the money unit in every country, like the dollar in America, had always a separate individual coin answering to it in name and value, the dullest would more easily perceive the reason why the value of the money unit is the same with the quantity of metal which it contains. The *arcana* of the money jobbers would disappear, or at least be more easily laid open, and made level to the capacity of the most negligent thinker. All would easily be made to understand, why any particular coin, that is heavier than the rest, and therefore more valuable than the average of the

currency, should afford a profit on being turned into bullion.

If in any particular country, where the dollar is the money unit, the law, usage, or voluntary convention, ordains and determines, or simply makes known, that it shall contain or consist of 429.68 grains of silver, if it is a simple separate coin; or if not, that the coins which make it up, whatever be their denomination, shall contain that quantity; then that is its *theoretic value*.

If the dollar happens to be a separate individual coin of that country, and if there be no other coins nor money in use, and if all the dollars in circulation be kept up at their full theoretic standard, then it is plain, that the value of the money unit in that country must be *precisely* the same with the value of 429.68 grains of silver, because *things equal to one and the same thing are equal to one another*.

If again, besides such dollars, there should be in circulation also shillings, and if the theoretic value of those shillings were 85.936 grains of silver, and if they likewise were kept up to their full theoretic standard, and if *five* of them were ordered or allowed to pass for the dollar, then it must be plain, that the theoretic, or real value of the money unit, will still agree, because five such shillings make precisely 429.68 grains of silver;

and there being by this hypothesis no other or inferior money in the circulation, to deteriorate the average value of the money unit, nor law to obstruct the coins from obtaining their free values, or prevent the different currencies from settling into that average, it will still remain the same, and be equal to that quantity, because *things equal to one and the same thing are equal to one another.*

So long as such a currency should continue in so perfect a state, and all the coins maintain their full theoretic values as when new from the mint, the two currencies of shillings and dollars would maintain their just relation to each other, and the whole circulating medium would be (if I may here use the word) *homogeneous* in its value, uniform, and without a fault. And in this state, it is plain that no profit could be made by converting any part of the currency into another.

From the incapacity of silver, however, or any known substance, to perform, with *perfect* and invariable accuracy, the delicate but important functions of money, this exact equilibrium and nice adjustment of parts could not be of long continuance. The various wearing of the coins would soon derange this perfect and beautiful adjustment. Whenever the diminution of their weight should, from wearing or other causes, be-

come considerable, the currencies would not be able to maintain the value which they formerly held; the defalcation in the value of the money unit would soon become apparent; its *effectual* value would now be found to differ from its theoretic value; the exchange would fall; bills of exchange, acquitted in these deteriorated coins, would not be found to stand the same comparison either with foreign currencies or bullion; and numerous other transactions, too tedious to imagine, and which can perhaps only be known in their fullest extent to dealers in bullion and money, would bring the currency to the ultimate resort and trial of its value, by the quantity of bullion contained in it. Those same transactions would always give the preference, from the infallible operation of the principle of *interest* or profit to the heaviest pieces, and all the operations and traffic of the money-jobbers would inevitably be introduced.

If the conventional nature of money were never infringed or fettered, and the principles of trade left free to operate, the disorders in the different parts of a metallic currency, which would thus partially be introduced into the best constructed circulating medium, would be kept in perpetual check, and prevented from augmenting to such a degree as could occasion any ma-

terial variation to introduce itself into the measure of value, or to be of any considerable consequence, by the simple and unassisted force of those great principles. In this case, whenever the difference in the relative values of different parts of the currency should become so great as to afford a profit in commuting them, the busy and watchful members of the mercantile world, those traffickers to whom we have so often alluded, ever upon the alert, and ready to take advantage of all opportunities of gain, would immediately set agoing their trade of money-jobbing, and speedily restore to all the different parts of the circulating medium their just relation and indispensable equilibrium.

In like manner must it be with regard to the pound sterling, the money unit of Great Britain.

The statute 43d Elizabeth orders the pound troy standard silver to be coined into 62 shillings, 20 of which are allowed to make a pound sterling. The pound troy consists of 12 ounces, every ounce of 20 pennyweights, and every pennyweight of 24 grains; consequently the pound troy contains 240 pennyweights and 5760 grains.

Standard silver consists of 11 ounces 2 pennyweights of fine silver to 18 pennyweights of copper alloy. It results, that 20 shillings must

contain 1718.7 grains of fine silver and 1858.06 standard silver; and as the alloy is reckoned of no value, the theoretic value of the shilling may be taken at 85.935 grains silver, and that of the silver pound sterling at 1718.7 of the same metal.

The pound troy standard gold is ordered by an act of King Charles II. to be cut into 44½ guineas. Standard gold consists of 11 ounces fine to one ounce of silver or copper alloy, which, together, make the pound troy; consequently, the pound troy of standard gold contains 5280 grains fine gold and 480 grains alloy. It results, that every guinea contains 129.43 grains standard gold and 118.651 of fine gold, which last, as the alloy is reckoned of no value, may be taken as the standard of the guinea; and the pound sterling, which is $\frac{20}{21}$ of the guinea, contains 112.994 grains of fine gold, which we may state in integral numbers at 113 grains for the standard theoretic value of the gold pound sterling.

At first, when the guinea was introduced, its proportion of value to the legal pound sterling (which was then only of silver) was not fixed by law. It was supposed at the time to be worth about 20 shillings, and accordingly was taken by the Government at that rate, leaving it, however, afterwards to seek its own price according to the

value of gold in the market. Accordingly, guineas continued to find their own price, like any other commodity, until the year 1728, when they were fixed, by a proclamation of the King, at 21 shillings, and at that rate were ordered to pass current in all payments; which regulation had the effect of making the gold a legal money, as well as the silver, and established the gold pound sterling at *twenty twenty-one parts* of the guinea.

From that period, debtors had the option of paying their creditors either in gold or silver, which caused the value of the money unit to fluctuate between that of the gold pound sterling and the silver pound sterling, till the 14th year of his present Majesty's reign, when a statute passed the legislature, (which was afterwards revived and made perpetual by a statute of the 39th year of his reign), by which it is enacted, that when a debt exceeds L.25 sterling, payment must be made, if required, in gold; the silver continuing to be a legal tender in payment for any less sum; which regulation (as the amount of payments of L.25 and upwards must far exceed those under that sum) had the effect of rendering gold in a great degree the ultimate and principal standard of the value of our currency, and of our money unit, and the gold pound ster-

ling the true and effectual measure of value. Every separate coin and denomination of money of the *legal currency* is indeed, in some degree, and to a certain extent, a measure of value; but the money unit of every country (the pound sterling of account and reckoning of Britain) becomes ultimately, through the operations of commerce, the real and universal measure of value.

The currencies arising out of the regulations here detailed, were the coins kept up to their full theoretic standards as they are delivered from the mint, would render the money unit of Great Britain—the measure of value—precisely equivalent to 113 grains of gold. And if those laws and regulations were never suspended, and any tolerable pains were taken to keep the coins in decent order, it could never deviate far from that standard.

But how is the case altered as the law (or rather suspension of law and, let me add, justice) at present stands?

The circulating medium of Great Britain consists at present of the following different currencies: Gold and silver and copper coins, bank tokens and local tokens, bank notes, and various other sorts of bills. Suppose the wonted laws in force, and this whole mass of money regulated by the full and perfect standard, and that those

various currencies were exactly regulated and adjusted in their values relatively to each other; that every guinea contained 118.651 grains of gold, and every shilling 85.935 grains of silver; and that the price of these two metals relatively to each other were such, that the former were worth precisely twenty-one of the latter, that is, that every guinea were worth precisely twenty-one shillings, and every shilling worth twelve pence of this perfect currency;—suppose the bank paper and other current bills, and the tokens, were convertible at pleasure into the coin which they purport to represent. Upon this supposition, it is plain that no profit could be made by converting one part of the currency into another. The inequalities inevitably arising from the various wearing of the coin would soon, as has been already described, derange this perfect adjustment of parts, and furnish work and profit for the money-jobbers; but if the law were maintained in its just operation, and any tolerable care taken to preserve the coin in order, the variation of the value of the money unit from its theoretic standard would never become considerable.

But when the just and salutary operation of the true principles of trade, and the laws which

enforce them, are suspended, the case is totally reversed.

The act of restriction on the Bank of England, passed in 1797, and other subsequent acts confirmatory of the same, protecting the Bank from the obligation to pay their notes, and having the effect of rendering credit-money a legal tender, removes all *legitimate* check on the increase of its quantity upon the circulation. The nominal amount of the circulating medium is increased, while its gross value continues the same, or very nearly the same, because the goods to be circulated by it continue so. The increase of the nominal amount (or numerical quantity of units), therefore, in the circulating medium, while it does not augment its total value, must diminish the value of those units, and consequently depress the measure of value.

Such a state of things furnishes, for a time, the most fruitful source of trade and plentiful harvest of profit to the dealers in money, while it introduces an inexhaustible source of variation to the measure of value.

The nominal amount of the circulating medium, as it will, from the interest of the proprietors of the protected paper, be progressively increased by lowering progressively the value of

the money unit, causes a less weight of bullion to represent it every day. Thus shillings or guineas, which were yesterday too light to be melted with a profit, come to-day within the range of weight which fits them for that purpose; and the whole coins of which the legal metallic currencies consist, come progressively into the grasp of the dealer in money.

Whenever, for instance, the pound sterling is lowered in value one shilling, that is, when it will not purchase in the market more than 1632.765 grains silver bullion, or the quantity contained in nineteen shillings standard weight, immediately there will be a profit in melting down every shilling of the full standard, and every other which contains more than the nineteenth part of 1632.765 grains of silver. In such a state of the currency, the money-jobbers set to work. They examine with exactness every shilling which comes into their hands; and if it is heavier than 81.48 grains, it is thrown into the melting pot; which having filled with these heavy pieces, the money-jobber soon gives the silver a new shape; and, having converted it into the form of a bar of bullion, proceeds with it to the market, (perhaps to his next door neighbour, a gold or silversmith), and sells it for the common currency of the country.

He is paid, let us suppose, part in bank notes, part in silver. He returns home ; the notes will not suit his purpose ; but he falls instantly to work upon the silver. Having examined it accurately, and picked out of it every shilling of the due and profitable weight, and consigned them to the melting pot, he takes the remainder and the notes, and proceeds in quest of silver ; or rather (to state it as it is most likely to happen) an inferior order of jobbers, knowing his wants, glean up all the heavy coin they can meet with or find out ; and, saving to their more elevated brother of trade all unnecessary travel, flock in sufficient numbers to his shop ; and, receiving the notes and rejected silver, disburden themselves of the heavy coin, and enable him to go on with his work of examining and melting down. Those inferior dealers, of course, receive a *bonus* sufficient to repay them for their trouble, and induce them to continue their vocation.

A farther reduction in the value of the money unit, made apparent in that of the pound sterling currency, brings a still lighter order of shillings within the unrelenting grasp of those traders ; and the continual progress of depreciation brings in a short time still another and a lighter order within the limits of their trade ; till in this manner are completely exhausted the

whole currencies and coins which bear a greater value, simply when converted to the free state of bullion, than they are allowed to pass current for while confined to the shape of coin.

It is thus that the defalcation of the money unit is rendered effectual, and is made to operate, whether in favour or against those whose interests it so differently effects; and it is thus that the measure of value becomes every day deteriorated, whilst the name of the money unit, *the pound sterling*, remains unchanged and the same.

It is in this manner that the legal metallic currency has disappeared; and ever must disappear in such circumstances, when it bears a greater value in reality and fact than the law will allow it to assume. It is in this manner that the scarcity of *change* has been occasioned, and ever must be occasioned in such a state of the currency. It is only by the wretched expedient of lessening the quantity of metal in the different pieces in circulation, till their value *retires* within the limited circle of the contracted money unit, that any metallic money can be forced to remain current.

While the present system is maintained, and, of consequence, the depreciation of the currency allowed to go on, any new issue of even these degraded pieces, if they are not reduced very

small indeed, will only be able to maintain themselves in the circulation for a short period of time. A new coinage, with a still more diminished quantity of metal in the different pieces, must ensue ; and again, as the depreciation proceeds, must be succeeded by a still lighter coinage. The quantity of metal must be continually diminished at intervals, longer or shorter according to the progress of the depreciation of the money unit ; which is the only possible method, in such circumstances, of maintaining any metallic currency in the circulation.

No doubt some interruption *may* take place to the *uniform* and *equal* progression of this regular process of depreciation. The banks may, from various circumstances and accidents, be induced to withdraw much of their paper, and that suddenly and unexpectedly, from the circulation, and by that means cause a considerable *revulsion* and temporary rise in the value of the money unit.

But such augmentation of value can never be stable, nor expected to continue for any length of time, (at least there is no security for it), so long as the law of suspension continues. Indeed, this is one of the numberless evils attendant upon such a system of *law and practice*. Besides the inconvenience to commerce, which the sudden

narrowing of the circulating medium occasions, and which is always felt and acknowledged, or rather, I should say, loudly complained of;—besides this, I say, the measure of value being, by the same means, liable to be suddenly and unexpectedly raised and depressed, at the discretion or indiscretion of the banks, an universal fluctuation of prices must inevitably follow,—a fluctuation totally independent of, and unconnected with, the ordinary and legitimate cause of a change in prices, and altogether additional to it—that of the proportion between the supply and the demand. The *supply* of the circulating medium also, it will be observed, is, under the system condemned, directed to be governed, not, as it ought to be, by the demand alone for it, but by the discretion of men, who, however extensive their information and knowledge may be, must always remain utterly inadequate to the performance of a task which is altogether incommensurate with the capabilities and talents of mankind.

The natural and inevitable consequence of such a system, from the spirit of speculation and overtrading to which profuse issues of credit-money, unchecked by coercive payments, gives encouragement and facility, is to *strain* the *means* and *credit* of the country beyond the property at

stake, and the means actually existing, and in reserve, to support that credit; and by the mischiefs thereby occasioned, if not to effect its own cure by drawing attention to the subject, at least to evidence the reality of a great existing evil. Whenever symptoms of an overstrained credit appear in the difficulties and embarrassments of the commercial world, and failures begin to take place, confidence receives a check;—immediately the banks, to save themselves, will naturally draw in a great part of their paper from the circulation, by curtailing their discounts and other issues. But so soon as the concussion is over, and credit begins a little to revive, they will, as seems consonant to all experience, speedily and fearlessly return to their former latitude; and, again extending their issues of paper, reduce the circulating medium to the same state in which it was before; and, if no threatening appearance deter them anew, they will proceed in the confident hope of success, and urged by the stimulus of interest even to exceed the measure of their former profusion, till some new disaster (whether resulting from their own conduct in encouraging too extended a credit, or arising from other causes) occurs again to shake the commercial fabric, and arouse them from their dream of security. Then they will once again alter their

system, and, contracting their circulation, cause a sudden variation and rise to take place in the value of money ; and so repeat the same round, with the same undoubting and unsuspecting confidence. And these *reflections* (if I may be allowed the term) must continue successively to occur, while the present system of suspended payments lasts, at shorter or longer periods, to the great injury and astonishment of the community at large, the incessant embarrassment of Government, and the peril of public credit.

The Bank of England, indeed, profiting by experience, may take warning from what is past, and, submitting themselves to the *lesson* which they were long ago taught by the Bullion Committee, fix their observation on the mint price of gold and silver, and regulate their issues by the sure indications which that criterion affords. But it is much to be doubted, whether, with the greatest efforts they could make, they would be able to restrain the circulation of paper within any moderate or proper bounds. For although it be unquestionable, that while the country banks are compellable to pay their balances in Bank of England paper, the diminution of its quantity or amount in circulation must oblige these banks, in a certain degree, to contract theirs ; yet that degree would probably be so

very small and insignificant, as not materially to circumscribe or limit the flux of paper from the country banks; because it is obvious that, even if a very great effort were made by the Bank of England, unless it were seconded by the chief provincial banks, the calls for country paper might be such as to require and employ almost the whole of the limited issue of Bank of England notes, in settling the balances of the other bankers.

And as such an extreme effort by the Bank of England, unless seconded by the provincial banks, could only be made by a very great sacrifice of profit on their part, it is not reasonable to expect it; and we may be very sure it will never take place. The only measure, therefore, which can restore the country to a settled state, with regard to the important concern of its medium of exchange, is to revert to the only safe and undoubted system of coercive payments in specie, and place the banking system of the country once more on its ancient footing, and the whole money system on a sure and stable foundation.

CHAP. III.

*Of the Degradation of the Measure of Value of
Great Britain—Depreciation of the Currencies
—Of Bank Paper—Difference between Bank
Notes and Specie, or the standard Metallic
Money.*

Nothing more, it might have been imagined, could ever have been held necessary to prove the degradation of any currency, than simply to shew that it cannot realise the full amount of bullion which ought to be contained by law in the statutory and standard money which its nominal amount indicates; and the measure or amount of that degradation, it might equally have been supposed, could never have been denied to consist in the precise quantity *less* of bullion which any given portion of currency could realise, than the full amount of that which ought to be contained by law in the sum of standard money, which by its very name it imports to be.

It is no argument to advance, that gold and silver are risen in value. Whatever be the value of those metals, it is a certain fixed portion of them which is established by law to be the standard of our coins and of our unit—to be the legal money of this realm; and that quantity is equally due, whether those metals be dear or cheap. There is no clause in any of the acts and regulations establishing the different coins, purporting that, if gold or silver shall rise in value, less of either of those metals shall be put into those different coins—the one into the guinea and the other into the shilling?

I have already shewn (Chap. II.) that the different denominations of money in this kingdom, are certain specific and fixed quantities of metal established by law; that the guinea is 118.651 grains of gold, ascertained and sanctioned by the stamp of Government; that a shilling is 85.935 grains of silver, in like manner ascertained and sanctioned. I have shewn, that the gold pound sterling is 113 grains of that metal; and that the silver pound sterling is 1718.7 grains of silver: and whatever be the respective values of gold and silver, and whether those metals rise or fall, the quantities of each just stated continue to be the legal standard of our coins and of our unit; and all those who have bargained in

those denominations, or in multiples or fractions of them, have a full right, in law and in justice, to payments which shall convey to them the quantities of metal specified and included in the stated sums of money bargained for. And if they are compelled, whether it be by direct enactment, or resulting from the adventitious and collateral effect of a particular statute, to receive payments which shall convey to them less quantities than those legally contained in the sums specified, of so much are they defrauded. It is plain, that their power of purchasing all other commodities is thereby curtailed ; because *one pound* of gold will purchase less of all commodities than *one pound and a quarter*. And I have also already proved (Chap. II.), that all money, whatever be its denomination, or in whatever form it exists, can purchase of all commodities precisely according to the amount of bullion which in the ultimate resort it can be made to produce.

The law, in fixing the standard of the coin and of the money unit—that is, how much gold and how much silver is to be contained in the different coins, and how many (or what determinate part of each) are to be understood to be contained in the pound sterling—has not contemplated the rise or fall of those metals, but

has determined the thing as if their value were invariable, leaving to debtors and creditors the risks and chances as to rise and fall of the value of the metals.

If gold were indeed risen, yet still the lieges would have full and adequate right to the fulfilment of their engagements or contracts, and to payment of their debts, in specie—in full standard pounds sterling—in money which could convey to them 113 grains of gold, or 1718.7 grains of silver, for every pound sterling stipulated. This right and this claim must remain to them always, until an alteration of the law on this subject takes place. And the legislature, although they have suspended some of the provisions of law, which could enable the public to enforce those quantities to be represented in all payments, has not proceeded so far as directly and positively to enact a variation in the standard of our coins, or of our money unit.

Nothing certainly but a very great and palpable revolution in the value of the metals, could ever authorise or justify any legislature in varying the standard of the money unit, so as to affect, retrospectively, bargains made in multiples of that money unit; and until such alteration of the standard money of these realms shall be enacted, the claims and the rights of every indi-

vidual, in contracts so formed, must remain unchanged.

Nor will it be contended, that the legislature, in passing the restriction law, or even the more recent enactment which rendered the Bank of England notes *in effect* a *legal tender*, had any intention, from any undefined notion of an increase in the value of gold, to alter the standard of our money unit.

The high or low price of bullion, therefore, has nothing farther to do with the question of the degradation of the currency, than simply by serving as an *index* to shew the exact amount of that degradation, when a given sum of currency cannot realise the quantity of metal legally contained in that sum, reckoned at the full standard of its nominal amount. The currency must be compared with *its standard*, if we would know whether it be degraded or not. If it does not come fully up to that standard, it is degraded. If a given sum of currency, as twenty pounds, *can* realise or purchase in the market *as much* bullion, either of gold or silver, as is contained in that sum of money realised in specie of full standard weight, that currency is equal to its standard, and is therefore *not* degraded. But if that sum of currency *cannot* realise or purchase in the market so much bullion, then it is not

equal to its standard, and that currency, therefore, *is* degraded; because twenty pounds *currency* is *less* than twenty pounds *full standard weight*. The currency we say, in this case, is degraded from its standard.

In like manner it is with regard to the depreciation of credit-money, which, being protected from the force of the obligation to pay, cannot realise the statutory and standard money which it purports to represent. It must be compared with that money, if we would know whether it is depreciated or not.

Whilst the obligation to pay remains compulsory, no description whatever of credit-money, as I have already shewn (Chap. II.), can ever be depreciated in the circulation; for, in that case, the moment it is discredited, it is excluded from it. Its value, therefore, so long as the obligation to pay remains in force, must partake of the value of the real money into which it is in this case convertible at will, and must always be precisely the same with it while it circulates.

Bank notes must be compared with the legal currency which they promise to pay, to know whether they be depreciated or not: if they do not come fully up to the value of that currency, they are depreciated. If a given sum in bank notes, as twenty pounds, *can* realise that sum in

the legal currency which they promise to pay, (and which they will always do if they are not freed and protected from the force of the obligation to pay,) they are *not* depreciated; but if they *cannot* realise that sum in the legal currency which they promise to pay, and in which they were, previous to the protection, usually paid, nor purchase in the market so much bullion as that upon an average contained in it, they *are* depreciated. In this case, we say those notes are depreciated from the value which they formerly held, and from that of the thing promised.

Nothing more, therefore, it might have been imagined, could ever have been held necessary to prove the depreciation of bank notes, which, being protected from the force of the obligation to pay, cannot realise the statutory and standard money which they purport to represent, than simply to shew, that neither can they purchase in the market *so much* bullion as that which it ordinarily, or upon an average, consisted of; and the measure of that depreciation, it might equally have been thought, could never have been denied to consist in the precise quantity *less* of bullion which those notes could actually realise in the market, than the amount which used ordinarily to be contained in the sum of mo-

ney which they purport upon the face of them to represent.

Nevertheless a set of writers have arisen, who, by bold and unshrinking assertion, unsupported by the shadow of reason or common sense, endeavour to persuade themselves and their countrymen, that the currency of the country is not depreciated; and the extraordinary reason which they offer for their opinion, and for the difference between bank notes and specie, is, that gold is risen!

I shall presently examine the grounds of the allegation, that gold and silver are risen in value; but as the question has been argued as if there were no ultimate standard of the value of our money unit or of bank notes—as if the one or the other were referable only to some imaginary, undefined, and ideal scale of denominative value, as it has been called—and as this miserable doctrine, notwithstanding its absurdity, has received much countenance—it may be useful, and indeed seems absolutely necessary, previously to attend a little to the difference between bank notes and specie, or the legal standard metallic money.

And here I feel myself irresistibly impelled to declare, as I solemnly and decidedly do, that I hold it, and feel it to be, a degradation and dis-

grace to the rational faculties of man, to be compelled to enter into the minute parts of such an argument, and to follow error into all the petty corners and crevices, and lurking holes, where she can only shelter herself from the most ignorant and perverse blind.

There is a sort of stern, sullen, and determined positiveness, discoverable in persons of a certain party on this subject, who, conceiving it must be allowed to derogate from the high character and credit of Britain to admit the fact, and convinced it must also cast the stigma of presumptuous ignorance on themselves, on characters whom they delight to extol, and on their party, appear willing, from those motives, to hug the most wretched, contemptible, and degrading prejudices, and resolutely to shut their eyes, because determined not to see, nor to yield to the most undeniable demonstration. Those prejudices are essentially degrading, and wretched and contemptible, because they cannot ultimately avail those who are willing to indulge them.

To shew formally, and maintain by argument, that bank notes derive the *definitiveness*, or *precise amount* of their value, from the coin they represent; that a piece of paper (however beautiful and elegant the inscription), which has no in-

trinsic value at all adequate to serve the purpose of money, can alone derive its value *as such*, by being referable to something which has greater value than itself; and that that value can alone be rendered precise, determinate, and intelligible, by being identified with a certain defined quantity of gold or silver, or of some commodity having intrinsic and steady value in itself,—to maintain all this by formal and minute argument, is undoubtedly an irksome task. To many persons it may indeed appear superfluous and unnecessary; and to such persons I willingly make my apology. I beg such persons to recollect, that, however plain and indubitable the propositions just repeated may appear, even in their simple statement, it is notorious, that very opposite doctrines have recently been maintained,—doctrines which, however they may prove the obtundity and imbecility of human intellect, yet, being supported and acted upon by the highest authorities in the state, they are become the foundation of innumerable mischiefs; and, having undertaken and proceeded thus far in the discussion, the humiliating task seems thereby to be imposed, of following error into her minutest retreats, even where the broad beam of noon-day points her out to those who have eyes to see. The idiot ostrich must be taught to know, that although

his head be buried in the hay, his cumbrous body is bare to the view, and may be *pinned* till he be forced to withdraw it and observe the light.

What then, I ask, is a Bank of England note? It is a promise to pay something on demand. What is that something? Is it really and actually something, or is it in truth nothing? A one pound Bank of England note is a piece of paper, containing a promise to pay one pound sterling on demand. What is one pound sterling? Is it, I demand, something, or is it nothing? Is it an ascertainable article? Is it the piece of paper itself on which this promise is written? Then, whence the necessity of the promise?—the thing itself is there.

Is it possible for the blindest ignorance to imagine, that there is any value in a piece of paper with a promise and a signature to it, if the thing referred to is a nonentity? If this pound sterling is a nonentity, then whence the difference of a promise to pay *one*, and a promise to pay *twenty*? *Ex nihil, nihil sit*; and nothing added to nothing, equally makes nothing. Is, then, a pound sterling an ascertainable thing? Can it be described, seen, touched, or felt; or does it only consist in a promise to pay that which exists not? If it be an ascertainable existence, and if it differs in point of value from the note promising to

pay it, then whence the pretence that that which differs is equal to it? And if this promise to pay the thing will not exchange for as much as the thing itself, whence can it be pretended, that that promise is not less in value than the thing itself? And if it formerly was *not* of less value, whence that it is not depreciated?

Is, then, one pound sterling an ascertainable existence? It is, as I have already demonstrated from the statute, a quantity of gold or a quantity of silver, fixed, ascertained, and determined by *law*. It is, by statute, 113 grains of gold, or 1718.7 grains of silver. It is true, that there is no individual coin denominated a pound, either of gold or of silver. But nevertheless, the law has fixed, in a manner sufficiently intelligible, and that cannot be disputed, what it actually is. It is no ideal vision of fanciful denominative value. It is true, the money unit varies, as I have already shewn at length, with the currencies in which it is realised, and therefore becomes a unit differing perhaps from every particular coin or currency, and establishing its value at the average of the whole. But still its value is strictly dependant on that of the currencies in which it is realised, and still the legal pound sterling is a definite ascertainable thing. The *law* fixes, positively and directly, the number of grains of

silver in a pound sterling; and indirectly, or by inference, the number of grains of gold. It therefore fixes and determines what the pound sterling actually is—that it is a certain defined quantity of gold or of silver. If the laws of payment then are suspended—a paper currency promising to pay those certain and fixed quantities protected—and the money system of the country so deranged, that payments cannot be had in actual pounds sterling, but must be accepted in a currency which can command, by its denominative pound sterling, one grain of gold less, or one grain of silver, than the law determines it actually to consist of, shall we not say that it is by so much depreciated?

It is a stumbling block to the vulgar, that, even in a state of depreciation, a one pound note and a shilling can in general purchase as much of any commodity as a guinea of gold. But it must be recollected, that the proposition is not universally true in such a state. It is only true so far as the depreciated currency is protected; it is only so far true as the law *compels and forces* them to pass as equivalents, and restrains the guinea from passing at its full value as a metal, and so far only as the law proves effectual in doing so. Most people, indeed, ignorant of the mode of turning the guinea to account as a metal, or de-

terred from the attempt by the penalty of the law, will not give more for the guinea than for the one pound note and the shilling, however great the superiority in the value of the former may be above that of the latter. But the money-dealers will give more. They who are constantly attending to the subject—they who finally, by their traffic in money, fix and establish its value according to that of the quantity of metal which, in the ultimate resort, it can be made to produce;—they will contrive means to elude the law, and will not scruple to give more for the guinea than for the one pound note and the shilling.

No doubt, in any state of a depreciated currency, while the law enacts penalties for taking the standard coin of the realm for its full value, or for more than a paper money which it thus protects from payment, it will not pass freely at its full value. Many persons will not be found easily to give more for the guinea than for the one pound note and the shilling, *and so incur the penalty.* And yet some persons there always are (so great is the prevalence of the principle of interest) who are willing, whenever depreciation becomes considerable, for the sake of profit, to incur that risk. But can it be doubted, that if the law left the gold and the paper free, they

would quickly find their separate prices and values? If any one is so dull as not to see through so thin and miserable a veil, and to master the *rationale* of the case, I beg leave to stagger his stupidity, however great, by suggesting, that if the guinea contained, instead of 118.651 grains of gold, (which it does by statute,) *one pound weight*, or *one ton* of gold, yet still if the law enacts banishment or hanging for taking it for more than a one pound note and a shilling, it would only be by stealth, and with the hope of escape, as at present, that they would be taken for more. And it could no more be in that case than now, until the law should retract its penalty, and allow them to be free, that they could currently and openly obtain their respective values, even if the guinea, instead of 118.651 grains, contained a TON of gold. The reasoning of a certain class of writers would set up notes, which have no intrinsic value, as the rule to judge of metallic money, instead of allowing the latter to be the foundation of the scale by which to judge of the value of notes.

Is it not evident, beyond the possibility of dispute or cavil, that the value of the money unit depends upon the quantity of metal which by law it contains, and which, in the ultimate resort, can be drawn from it. If this is not the

case, I demand, how the money unit of one country comes to differ from that of another? Or why, if it is not connected with the value of the metal, it happens, that, so long as payment in legal standard money remains compulsory, the value of the money unit in every country assimilates itself to the quantity or weight of metal which it is made by law to contain, and approximates to that precise quantity, in proportion as that legal money approximates to its full standard, or comes fully up to it, when the legal money is of its full standard weight, and is in fact the same thing with it? Why, if it does not necessarily attach itself to the metal, it comes to have any steady and definite value at all, and is not of the value of an acre of land, or an hundred acres?

It cannot be the paper which gives stability and precision to the value of the money unit. The same size, and shape, and quantity, on which you can write *one guinea*, you can write *twenty*. There is no difference but in the promise engrossed upon the paper—no intrinsic and independent value in the one piece of paper more than in the other—no perceptible difference but in the promise. The paper is the same;—weigh it, it is as heavy;—tear it, it is as strong;—light a candle with it, it burns as briskly—whe-

ther there be written on it, we promise to pay *one*, or we promise to pay *twenty* guineas.

What is it, then, that gives stability, precision, and steadiness to the value of the money unit? What is it that prevents it from being worth an acre of land, or an hundred acres, and determines it to be what it is, a near approximation to the value of 113 grains of gold? Undoubtedly the metal—the fixed, precise, and determinate quantity of metal which the law ordains it to contain; and it is only by suspending the law, that it can, *by possibility*, be made to vary from that value, farther than the legal money varies by wear and other causes from its standard. Has not the pound sterling acquired a fixed and determinate value, from the value of our legal coins—from the quantity of metal in them, which renders *it* the same thing with 113 grains of gold, or 1718.7 grains of silver? And has not the money unit of every country received its value, by being identified in the same manner with a certain fixed quantity or weight of the precious metals? If, instead of 113 grains of gold, our laws had identified the money unit with 226 grains, which is just double the quantity, would not our money unit have been of double value? Would not the operations of commerce have ascertained that value, in the

same manner as they have ascertained the present value of the money unit; and would not those operations infallibly have fixed the value of the pound sterling *depending* upon 226 grains, at double the amount of that *depending* upon 113 grains?

How is it that the money unit of Britain differs from the money unit of America—the pound sterling from the dollar? It is not the name, surely, which is the cause of the difference; neither is it the piece of paper on which either of their names can be written. Is it not because the quantity of metal in the one, differs from that in the other? Else, why is that difference exactly in proportion to the quantity of metal? Why is the pound sterling *four* times the value of the dollar, but because it contains four times the metal? Why does the money unit of one country differ from that of another, in the quantity of commodities it will purchase, precisely according to the quantity of metal it contains, if it does not depend on that quantity? In the same manner, do not the notes promising to pay any denomination of money unit take their value from that money unit, that is, the quantity or weight of metal contained in it? Will not a bank note promising to pay *one pound* on demand, and a bank note promising to pay *one dollar* on

demand, differ in their values, so long as the obligation to pay them remains compulsory? And, will not they differ precisely in proportion to the difference of the quantity of metal which they separately represent? Is not this because the dollar and the pound sterling are each *something*, and because they are different, not depending upon the paper or the denomination, but upon the quantity of metal which they respectively contain? Do these notes take their value from the coin, or does the coin derive its value from the notes?

Aware, as it should seem, of the force of these reasonings, and of the lameness of their own argument, by which they would assert notes to be of equal value with coin, and knowing that a pound sterling currency will not now purchase so much of commodities as the quantity of gold or silver into which it used in more salutary times to be convertible, the advocates for the present system of protected paper betake themselves to the assertion, founded or unfounded, that the metals are risen in value; and, having nothing to advance in support of their position, they preposterously and arrogantly seem to challenge assent, on account of the ardour and vehemence with which they assert it. They would say, that

the value of the money unit remains the same, although it be depreciated from its standard.

Let us proceed, then, to examine the evidences of the fact so loudly asserted, that the precious metals are risen in value.

Let us, in the *first* place, enquire what evidence we can have of gold being risen in value, and in what consists the *proof* of its being so risen, or of any variation in the value of the precious metals having taken place. Let us be agreed as to what actually proves such a change in the value of gold and silver, and we shall instantly bring the dispute, upon this part of the subject, to a question of fact.

In what, then, consists the proof of variation in the value or price of the precious metals? In what consists the proof of gold and silver having risen in value, or of having fallen in value, or of having remained in value the same?

Why, truly, the answer appears very simple; and yet some wise heads seem not to know on this subject what they are talking about, or what side their *speeches* are calculated to support.

Gold is *risen* in value when the ordinary and average price of labour, and ALL commodities, is *diminished*.

Gold is *fallen* in value when the ordinary and

average price of labour, and ALL commodities, is increased.

Gold remains in value *unchanged* when the *ordinary and average price* of labour, and ALL commodities, *continues the same.*

Those are the true and only *criteria* to judge of the price of gold and silver, so long as these metals are used as money.

Gold, we say, is risen in value when the ordinary and average price of labour, and all commodities, is diminished. There is absolutely no other proof—no other criterion by which to judge of the value of gold, but by how much it will purchase of other commodities. When, however, a change takes place in the *ordinary state* of the supply and demand of labour, and all commodities, the alteration which takes place in the price of those articles we do not attribute to any variation in the value of gold, but to an alteration in the value of those articles of labour and commodities. If, for instance, in consequence of a luxuriant crop, the price of grain falls, we do not say that gold is risen in value, but that grain has fallen. If, in consequence of a sudden call for labour, as the building of a bridge, the making of a highway or navigable canal, the wages of labour rises in the district in which those works are carried on, we do not

say that gold is fallen in value, but that wages is risen.

But, on the contrary, if we observe labour and all commodities to be in their ordinary state of supply and demand, and if they are ALL cheaper than they formerly were, and if this reduction of price continues steady for any length of time, (till such a time as you can call it the ordinary and average price), we say that gold is risen in value. A variation in the price of *one* or a *few* commodities, would not authorise the conclusion. We must here distrust our own judgment as to those articles being in their ordinary state of supply and demand, and conclude that there are causes unknown to us which affect their price. But if ALL commodities and labour have undergone the alteration—if it steadily continues—and if we do not plainly perceive the operating cause to be in a variation of the supply or demand, which must always be obvious if it exists there, in so universal a case—then we may fearlessly conclude, that the change is in the measure by which they are reckoned, and not in the commodities themselves—that the change is in the gold—and we say that gold is risen. In this case, the cause of the variation in the relative values of gold, and all other commodities, is in the supply or demand of the *gold*, not of

those commodities. Either the usual supply of gold has failed, or the demand for it has increased; and in either case it has risen in value.

To apply this reasoning, then, to the case in question.—Is the ordinary and average price, or the price in the ordinary state of the supply and demand of labour, and all commodities, diminished since the period at which bank notes were interchangeable with specie, or since the period when those notes, and the currency in general, could realise the quantity of bullion which its nominal amount indicates?

It may be necessary to remark here, for the benefit of some readers, or at least of some *writers*, that it is of course the bullion price, or the price in standard coin, that we must in this investigation confine ourselves to, and use. To take the current price, that is, the price in the present currency, would be much more favourable for our argument; but it would be absolutely illusory and absurd. It would be just as bad, but no worse, than to take the price of gold in the present currency, degraded as it is from its standard, through the operation and admixture of protected bank notes, as any proof that gold and silver are risen in value. But, in order to elucidate this point with the greater clearness and precision, it will be of use to lay down

the distinction between nominal price and real price.

By real price, then, is to be understood the price of labour and commodities reckoned in standard metallic money, when the money unit is equal in value to its standard.

By nominal price is to be understood the price in the currency, whatever its real or intrinsic value may be, or whatever quantity of bullion it may represent.

It is plain, that it is the real price only which can be of any service in estimating the value of the gold, because the nominal price is indeed the very index and proof of depreciation. It is only by comparing the same quantity of bullion with labour and commodities at different periods, and observing what a pound of gold, for instance, could purchase of either at those different periods, that we can determine if any, and what, change has taken place in its value.

Is, then, the ordinary and average price of labour, and *all* commodities, diminished from what it formerly was? Not certainly in the present currency, but, on the contrary, in it at least very greatly augmented. But this, as I have just stated, proves, not the position that prices are augmented, reckoned at the value of the money unit as it was previous to its depreci-

ation. Nor can any inference be drawn from it, to prove that the real price is augmented, till we have compared the currency with its standard, and distinguished its real from its nominal value.

But is the ordinary and average price of labour, and all commodities, diminished when estimated in standard gold and silver coin? If they *are*, then is gold certainly risen; if *not*, it is as certainly not risen.

How, then, stands the fact? Will a given quantity of gold or silver purchase a greater quantity of labour or commodities now, than it did in 1796?

Here it might be sufficient to leave the subject, and let every one make out for himself, whether the prices of labour and commodities have risen or fallen since 1796, without much doubt that all would readily acknowledge that they have [risen, (which will prove the position that gold has fallen, instead of having risen.) But, in order to render our argument formal and complete, I shall just advance one example of the augmentation of prices. In 1796, the common wages of labourers in the vicinity of Edinburgh may be stated at about eight shillings per week; now it may be about fourteen shillings, allowing four shillings for the difference between the nomi-

nal price and the real price, and for the rise when the currency was in a still more depreciated state, (as prices cannot recover their level on the sudden on a revulsion of the system, but must wait at least the expiry of existing engagements.) Allow, then, four shillings as the effect of those causes, and we have ten shillings a week as the average price of wages at the present time, that is, two shillings of increase, which would indicate that the metals have fallen in value, instead of having risen, as a labourer can get *more* of it, not *less*, for his work. But as this is too great a difference to be occasioned by the cause assigned, (for no one who considers the subject with reference to all circumstances, will believe that the metals can have varied in their value so much in so short a time,) we may allow that other causes have assisted in operating so great an alteration,—as the improved state of the country and condition of the labouring classes—their greater exertion and better remuneration—higher wages. But if we do not allow it to prove the fall of the metals, at least to the extent indicated, most certainly the contrary inference can never be drawn from it, viz. that they have risen.

So little, indeed, are the advocates for the doctrine of a rise in the price of gold acquainted with

their subject, and so remiss in their cogitations respecting it, that two of the most distinguished among their number (if high official situation could be allowed to confer distinction in a metaphysical discussion) have adduced the very facts in *support* of their theory, which proves its fallacy. I shall therefore avail myself of their assistance in this part of my subject. I take the following quotations from my Lord Lauderdale's proofs of depreciation, for I have not read the productions themselves, from which they were originally taken.

His Lordship, after several remarks, which sufficiently and conclusively prove, that gold and silver have not risen in value on the continent of Europe, but, on the contrary, have undergone the same gradual fall to which, according to the principles and facts advanced by Sir George Shuckburgh, and admitted by every one who has turned his attention to the subject, they have long been subject, he thus proceeds.

“ The penetration, however, of the Vice-President of the Board of Trade, who, by licence, now regulates the whole commerce of this country, has led him, in the act of maintaining that gold has greatly risen in value, to inform the public, that Monsieur Silvestre, in a report made to the Agricultural Society of Paris in

1805, had stated the price of labour to be increased from one-third to one-half, in different places of France, and that beasts of labour, and all articles requisite for a farmer's family, were augmented in the same proportion. Further, that Monsieur Daru had stated to the Legislative Body, so late as the year 1810, that the difference betwixt the value of money at that time, and the year 1791, was such, that the same income did not, in January last, represent more than two-thirds of what it did at the former period;—facts which conclusively prove, that the value of gold and silver money cannot have increased on the continent of Europe.”

His Lordship farther observes in a note—“ Lord Castlereagh, in his speech on the second reading of Lord Stanhope's bill, p. 48, resorts to the same reasoning.” Both these *statesmen* have extracted this evidence of the inaccuracy of their own argument from a pamphlet, entitled, “ A Review of the Controversy respecting the high Price of Bullion, and the State of our Currency.”

There are other champions, however, for the undiminished value of our currency, and of a rise in the value of gold and silver, who are not so inexpert at the use of their weapons, and who, while they allow that the value of the precious

metals has continued, as heretofore, to decrease in the general, and on the continent of Europe, do at the same time contend, that the unprecedented circumstances in which this country was placed with regard to the continent of Europe, by the interruption of intercourse and the exclusion of our merchandises, and from the large call on account of the armies abroad for the exportation of bullion to pay the troops, who could not be supplied by the sale of goods, a sudden and isolated rise was thereby caused in this country. To those advocates we are disposed to concede something, and to allow that some part of the difference between specie and currency, at their greatest disparity, may be thus accounted for, to the amount of a few per cents.; but by no means that the principal difference arose from the cause alleged. And here I cannot resist the opportunity of offering my humble tribute of applause of the manner in which the celebrated "Report of the Bullion Committee" has been drawn up. It has been drawn in a manner which has left nothing to wish for, and nothing to regret. It has been drawn with such ample consideration, and such masterly comprehension and knowledge of the subject, that nothing seems to have been omitted, nothing exaggerated, and nothing underrated. Accord-

ingly, the cause here alluded to, of a partial and isolated rise in the price of bullion, is there distinctly recognised, and the precise weight allowed to it, which, on the most ample consideration, it seems entitled to claim. The words of the Report are as follow.

“Your Committee are disposed to think, from the result of the whole evidence, contradictory as it is, that the circumstances of the trade of this country, in the course of the last year, were such as to occasion a real fall of our exchanges with the continent to a certain extent, and perhaps at one period almost as low as the limit fixed by the expence of remitting gold from hence to the respective markets. And your Committee is inclined to this opinion, both by what is stated regarding the excess of imports from the continent above exports, though that is the part of the subject which is left most in doubt, and also by what is stated respecting the mode in which the payments in our trade have been latterly effected; an advance being paid upon the imports from the continent of Europe, and a long credit being given upon the exports to other parts of the world.”

And again—“From the foregoing reasonings relative to the state of the exchanges, your Committee find it difficult to resist an inference, *that*

a portion at least of the great fall which the exchanges lately suffered, must have resulted, not from the state of trade, but from a change in the relative value of our domestic currency. But when this deduction is joined with that which your Committee have stated, respecting the change in the market price of gold, that inference appears to be demonstrated."

It appears clear, from the evidence of facts, that the value of gold has not risen on the continent of Europe, but, on the contrary, that it has fallen; the same income, according to the evidence so opportunely extracted by the noble and right honourable authors, formerly quoted, being not more now than equal to two-thirds of what it was in 1791.

It appears also clear, from every principle of trade acknowledged by the best writers on the subject, that an isolated and partial rise of it did take place; and that it did, we are willing to concede, from the extraordinary and unprecedented state of trade, could not, in the nature of things, exceed the "limits fixed by the expence of remitting bullion." And however the case might be aggravated by the continual drains of bullion and cash, on account of payments to be made for the support of our armies abroad, the whole effect could never amount to so much

as a moiety of the very great difference which so long existed between currency and specie.

But enough has been said as to this argument. That the precious metals have not risen in value, will be admitted by every one who is capable of reasoning upon the subject. But I beg leave to draw the reader's attention again to the manner in which this touches the present question. There is no law ordaining, that if a rise shall take place in Great Britain in the price of gold, so as to disturb its relation to the value of that metal on the continent of Europe, that our standard is to be reduced—that debtors may be enabled to pay their creditors with less gold or silver than they contracted to pay.

The statute, in fixing the standard of the money unit (as has been formerly said,) has not contemplated the rise or fall of those metals, but has determined the subject as if their values were invariable.

For the statute to have contemplated or attempted to provide for any contingent variation in the value of the metals, could only have had a pernicious effect; as it must surely have been very difficult, if not impossible, to ascertain with precision that variation, or, trusting to the ordinary standard of human intellect and perspicacity, to ascertain it at all without cavil or dis-

pute, unless it were much greater than it has ever yet been. If the rise or fall of the metals were considerable or rapid, they would be unfit for performing the functions of money. It is the steadiness of their value alone, which peculiarly qualifies them for that purpose. That value is not indeed absolutely and perfectly invariable, but it is the least so of any commodity known. It has been observed, by long experience, to be small and insensible, and therefore not of moment, except at distant periods of time. Smith has remarked on this subject, that the variation in the value of the metals is but small from year to year, although from century to century it be considerable.

It is only, therefore, contracts of a very old date, that this small and almost insensible variation of the metals can affect. Most contracts will have expired before any considerable variation can, from this cause, have taken place. Other causes, which no human foresight can estimate, have a much greater influence on the value of those contracts, which undoubtedly form by far the greatest amount of those of long duration, viz. leases of land, and other fixed properties. Other causes, I say, have a much greater influence on those contracts, than any variation in the value of money. The improvement

or decline of countries, and their increase or decline of population, by increasing or diminishing the value of the soil, so much affects those old contracts, that any inaccuracy arising from the variation in the value of money may be justly disregarded; it always remaining to those contracting (and it is a privilege which cannot be taken from them) to judge of the probable variation of money, and to limit or extend the term and duration of their agreements, and to consider and give weight to all the circumstances which may affect them.

The small variation, then, to which the metals are liable, does not seem to require legislative interference; and it would require much better evidence, and evidence of much greater variation than has yet been adduced, to justify such an attempt. But were the Government to attempt, by legislative enactments, to regulate the value of the money unit as the value of the metal varies, they must take a different method from that of suspending the payment of bank notes in cash,—a measure which, far from being calculated to render the value of the money unit steady and invariable, serves to render it a name varying every day—more unsteady and more variable in the lapse of a year, than the value of the metals in the course of a century.

For the legislature to interfere to regulate the value of the money unit as the value of the metal varies, or, in other words, to attempt to render the value of the money unit more steady and invariable than that of the metals, would be to aim at a greater degree of perfection than it seems destined this terrestrial system should enjoy. It is laudible, indeed, to endeavour to render the fate and fortune of man as steady and invariable as the laws of nature and of *justice* will permit. But let us beware of vainly and *iniquitously* attempting more. It does not seem the design or intention of the Author of the world, that its stability should be perfect and invariable. Every thing contained in this sublunary earth seems irrevocably consigned to fluctuation and change. Must he then, by his own misdirected efforts, ignorantly cause it to be still more changeable? No! It appears justifiable to render it as stable as possible. It is not given to man, because nature ordains his state uncertain and insecure, to follow out the system, and render it still more changeable. On the contrary, it seems just and allowable to counteract, by his feeble efforts, this tendency towards revolution, by every exertion in his power, which is consistent with *justice to other men*. While we therefore would condemn all attempts, vain and illu-

sory as they always must be, to produce perfect steadiness in the value of money, by the interference of the legislature with established contracts, in the manner described, still more are we called upon to condemn that headlong and rash interference, which, far from having a tendency to render its value more steady, or in any manner to further the ends of justice, is calculated, and has had the effect of causing the greatest unsteadiness and fluctuation to prevail in its value, and of violating the principles of justice, and the sanctity of compacts.

The just and proper interference of Government is, to declare what the pound sterling *is*. This is the only just and salutary interference. It is that to which the experience of all countries have already conducted them. It is a rule from which they have never swerved but to their cost. Whenever they have attempted any system of interference inconsistent with this principle, they have invariably and inevitably been driven back, by calamity and disaster, to that only sheet anchor of their safety. And nations of barbarians have been taught, by misfortune, that which their intellect was too contracted and uncultivated to grasp by intuition.

To this great principle, though we have virtually abandoned it, we still pay ostensible ho-

mage. Though we have paralyzed its force, the language of the law upon this subject still remains unabrogated. On the subject of money, the statute still holds this language, as it ever ought to hold,—“ Know all men, you may bargain for *as many* or *as few* pounds sterling as you please, but this is what a pound sterling *is*. You are to know from these statutes, that a pound sterling contains 1718.7 grains of silver, or 113 grains of gold. *This is the law.*”

Contracts have been formed under the operation of this law. Are they not violated, then, when the law and the standard are altered? Or, ought this to be the case, without some great and extraordinary revolution in the value of the metals? It will not be disputed, after what we have said, that if the creditors in those contracts are paid with less gold or silver than the standard and statutory pound sterling consists of, the quantity of labour and commodities which they can purchase or command with this less quantity of gold or silver, will be inferior to the quantity of labour or commodities which they could purchase with the greater quantity. It is the same thing if they are paid with denominative pounds sterling *equivalent* to less of gold or of silver than the standard or statutory

pound sterling in which they contracted. It is simply plain, that 1718.7 grains of silver, or 113 grains of gold, will purchase or command a greater quantity of labour or commodities, than any smaller weight of gold or silver will purchase or command.

It will not be disputed, that, in direct proportion to the quantity less of gold or of silver than 113 grains of the former, or 1718.7 grains of the latter, which the payment in currency conveys, that in the same proportion the power of purchasing or commanding labour and commodities is diminished. And whatever is the amount of the quantity less of labour and commodities which those creditors can purchase with the payments they are compelled to accept, than the amount which they could purchase with standard money, of so much are they unjustly and unwarrantably defrauded.

If authorities could be of any service after the reasoning we have here so amply, and perhaps tediously, adduced, we might bring forward the best on this subject, and might here refer again to that from Smith, which I believe is already more than once quoted in this performance, wherein he asserts the incontrovertible truth, that it is not the name, but the quan-

tity, of metal that can be considered as the money price of goods, of labour or commodities. If you alter the quantity of metal you pay with, no matter what name you give to your payments, they are different.

CHAP. IV.

Of the Mode in which a forced Variation in the Value of Money violates Justice, or the Rights of Property.

THE value of the current money, in every society, being that according to the rate of which all exchanges of property are generally effected, and all contracts of alienation or sale, or of account stipulated, it must be evident, that money prices ought to vary as it varies—ought to fall as it rises, and rise as it falls.

Any variation in the value of the money unit of account, in every country, must affect the interests or the rights of those who, in all permanent contracts, have to receive or to pay sums of money stipulated in multiples or fractional parts of that money unit.

In Britain, must not the whole amount of any variation in the value of the pound sterling, which takes place betwixt the period at which any contract is negotiated, and that at which

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THE value of the current money, in every society, being that according to the rate of which all exchanges of property are generally effected, and all contracts of alienation or sale, or of account stipulated, it must be evident, that nominal prices ought to vary as it varies—ought to fall as it rises, and rise as it falls.

Any variation in the value of the money unit of account, in every country, must affect the interests or the rights of those who, in all permanent contracts, have to receive or to pay sums of money stipulated in multiples or fractional parts of that money unit.

In Britain, must not the whole amount of any variation in the value of the pound sterling, which takes place betwixt the period at which any contract is negotiated, and that at which

it is afterwards redeemed or liquidated, fall upon one party as a loss, and remain to the other as a gain, in all cases where the terms of the contract stipulate in the current money?

In all permanent contracts stipulated in multiples or fractions of the pound sterling, the debtors, or those who are to pay, must be gainers by any diminution in the value of the money unit; and the creditors, or those who are to receive, must be losers. Any augmentation in its value must affect the interests or rights of the same description of persons in an opposite manner. In both cases, the one party must gain what the other must lose.

If the legislature were to enact a law, ordaining that the bushel measure should be changed, and be in future made of such a size as to contain one-third less than it does at present, and that, in all time coming, this new and diminished bushel should be the legal and understood measure in all sales of grain, &c. stipulated in bushels;—this law, it will be plain, if its operation was only ordained to be *prospective*, could occasion little inconveniency to individuals, and no violation of equity; because the price of all articles measured by the new bushel would accommodate itself to the variation introduced—would fall in proportion to the difference, and

would of course become one-third less than it would have continued, if the bushel had remained at its ancient standard. The case would be very different, however, if the law should be in any shape *retrospective*—if it should include within its operation subsisting contracts, and oblige landlords, who had let farms for so many bushels of wheat *per annum*, or merchants who had contracted to receive a certain number of bushels of grain at a fixed price, when the bushel was at the old standard, to accept acquittal of those agreements according to the new measure. It is sufficiently plain, that, in this latter case, the landlords and merchants, compelled to take this new and altered measure, would be defrauded of one-third of what they contracted for; while the farmers and others authorised so to acquit their engagements would pocket a third, which really did not belong to them, and which in equity would be the property of others.

If another law were enacted, ordaining one foot to be taken from the yard measure, it is abundantly plain, that all parties who, under subsisting contracts, were to receive linen or woollen cloth, or any article computed by that measure, and who should be compelled to accept of the goods contracted for according to this new law, would be simply *cheated* of one-third of the

cloth so contracted for ; while the other parties authorised so to perform their contracts, would be gainers one-third.

In like manner, if the legislature enacts laws, ordaining so much gold to be put into the guinea, and so much silver to be put into the shilling, and, by consequence, how much of each is contained in the pound sterling ; and if it afterwards enacts a law, ordaining one-third less of the respective metals to be put into the guinea and the shilling, and, by consequence, into the pound sterling of account and reckoning ; and if it obliges those who contracted to receive pounds sterling as they were settled by the old law, according to the measure ordained by the new statute,—are not those individuals as effectually defrauded of a third of the gold and silver which they contracted to receive, as the dealers who contracted for grain or for cloth, in the cases above stated, of one-third of their wheat or broad cloth ? And will not their power of purchasing all commodities be equally diminished one-third ? For, will not two pounds of gold purchase precisely one-third less of all commodities than three pounds of gold, equally as two bushels of wheat or two yards of broad cloth will purchase one-third less of all commodities than three bushels of wheat or three yards of

broad cloth? Are they not equally, therefore, defrauded of their property? For let it ever be kept in view, that these new pounds sterling, containing one-third less of gold or of silver than the ancient standard, will purchase of all commodities exactly one-third less than they would have done according to that standard contracted in.

The author of the *Wealth of Nations* remarks, "By the money price of goods, it is to be observed, I understand always the quantity of pure gold or silver for which they are sold, without any regard to the denomination of the coin. Six shillings and eight pence, for example, in the time of Edward I., I consider as the same money price with a pound sterling in the present times; because it contained, as nearly as we can judge, the same quantity of pure silver." * This perspicacious author would have smiled at the proposition of regarding the number of bank notes, differing, as to what they will purchase, from the quantity of gold and silver which they pretend to represent, as any proof of such price, or as any measure of justice. And if the quantity of gold, which the pound sterling ought by law to contain, can purchase more of all com-

* *Wealth of Nations*, Book I. Chap. v.

modities than the paper which pretends to represent that money unit, it must appear indeed monstrous to assert, that it is not different in value from that which it arrogates to be—the same identical pound sterling.

It makes no difference, in point of equity, whether the variation I have imagined in the size of the bushel, the length of the yard measure, and the quantity of gold and silver in the pound sterling, be the effect of a positive and direct enactment for that purpose, or merely a collateral, but necessary, consequence of one of another description, provided the difference actually does take place. The fraud, the injury done, the unjust transfer of property, is the same.

In the case of the size of the bushel or yard measure, it is not possible, indeed, to cause the change by statutory enactment otherwise than direct, or to affect these collaterally or clandestinely. With regard to money, however, it is different. There are methods of varying the quantity of gold and silver represented by the money unit of account, not equally palpable perhaps to the vulgar, but no less real and no less iniquitous.

A landlord lets a farm or a house according to the present value of the currency; he stipulates to receive so many pounds sterling yearly; he

makes no provision against any possible change in the value of these pounds sterling, or against any act of the legislature which will vary the quantity of metal which the money unit of account represents.

He trusts to the faith of the laws; and in that faith he rationally expects, that, according to experience, those pounds sterling, except at great distances of time, will be of the same value, or nearly of the same value, as they are at present. If any variation which may take place arises from the ordinary and unavoidable variation in the value of the metals of which the standard coin is composed, as it can never be considerable, but at very distant periods of time; so, whatever it may be, neither party can have any right to complain, because all parties who stipulate in money must take their risk of the rise and fall of the metals of which it is composed. And, in fact, we find that, in contracts having a prospect of remote operation, the chance of variation in the value of the metals is often taken into account; as when landholders, giving long leases, stipulate for an increase of rent in progress of years, or fix it in grain, which, although it varies often considerably from year to year with the abundance or scantiness of crops, yet, in the course of centuries, preserves its value relatively to labour,

more closely than perhaps any other commodity. But if the variation arises from a law which varies the quantity of those metals which, by consequence of former laws, the pound sterling should contain; then the party injured has undoubtedly great reason to complain. If the variation causes the pound sterling to represent or contain one-third less of gold or silver than former laws, the case is equally flagrant and unjust, to oblige people to accept of them in liquidation of claims settled upon the old standard, as it would be to oblige them to receive three firlots for a boll, or two feet for a yard.

It is no excuse that the man goes willingly, because ignorantly, into the snare. It is no excuse that he cannot unravel the cause of his pilage—that he cannot countervail the unfortunate dilapidation which the law is made to sanction. Those circumstances are rather aggravations of the crimes or carelessness of those men who arrogantly challenge for themselves the character of statesmen, and presume to direct the legislature regarding matters of the most primary importance, of which none can be more profoundly ignorant than they are themselves.

Although the effects of a progressive or continual variation, in the same direction, of the

measure of value, are not so obvious on daily transactions as on durable contracts, such as I have adduced for illustration, or, in other words, are more perceptible in a longer than in a shorter period—in a year, than in a month or a day—yet we are not to suppose, that it has no pernicious effects in transactions of a shorter termination. Its operation is universal and incessant, and every hour produces its proportional effect. The advantages and disadvantages, indeed, which individuals derive or sustain in the progress of the disorder, must, in their multiplied transactions one with another, in innumerable instances, act oppositely, and so far balance each other. In the daily small transactions which occur, one may lose by the variation when he sells, and gain when he buys. But we can never suppose this accidental balance, or counter-operation, so nice and so fortunate, as to produce a perfect and just counterpoise or equilibrium. There cannot be a doubt, that some will gain, and others lose, more by the unmarked change which is never ceasing to go forward, even in the daily transactions of trade, than falls equally to the lot of all; not certainly owing to any sagacity or deficiency in their own conduct, but by the accidental circum-

stances of their situation and transactions. The price of labour—the price of commodities—the price, in short, of every thing not settled and fixed by permanent contract or agreement, soon accommodates itself to the variation, and rises as the value of the currency decreases. This accommodation does not indeed take place in all articles with equal rapidity and dispatch; some follow the depreciation more slowly, others more rapidly, but all generally at no great distance of time. The increase of prices generally lags somewhat behind the fall of the currency; and the transit from one price to another can never be so equable, constant, and uniform, as is the change in the value of the currency, unceasingly going forward. Sometimes, probably, when the price is settled anew, it is made to overleap the mark—the currency in a short time overtakes it, when the price will be exactly just—passes it, when it will be again deficient—and in a little while it will be necessary to again increase the price. But always, except when the price is at *par*, a small injury must be sustained by one party, while an advantage must consequently be reaped by another. Property is thus, in such a state of things, continually fluctuating, and changing masters *more*, by all the effects of the

variation, than it otherwise would naturally do ; and that without any connection with the principles of equity and justice, or rather in direct opposition to them.

A
FULL DEVELOPEMENT
OF THE OPERATION AND EFFECTS OF
THE LAWS OF RESTRICTION
ON THE
BANK OF ENGLAND
FROM
PAYMENT OF ITS NOTES IN SPECIE.

THE LAWS OF RESTRICTION

BANK OF ENGLAND

OF THE OPERATION AND EFFECTS OF
THE LAWS OF RESTRICTION
IN THE BANK OF ENGLAND
IN THE YEAR 1817
BY
JAMES GILBERT
OF THE BANK OF ENGLAND
IN THE YEAR 1817
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SECTION I.

Operation and Effects of the Restriction, &c.

WE now come to the proper discussion of the *Restriction System*;—to enquire what have been the effects actually produced by the laws which suspend the payment of specie by the Bank of England; and what are those probable and likely to follow, from a longer or indefinite continuance of those laws.

In doing this, I shall endeavour to proceed in as fair and impartial a manner as possible, and to do as much justice to the subject as I am able. Extensive as it is, we shall endeavour to take a full and comprehensive view of it—to allow it all its merits, so far as it has any, as well as to point out its defects—and to omit the notice of none of its important consequences, so far as our best diligence can extend, or our limited penetration does not seclude them from our view.

In order, then, to pursue our investigation with advantage, to obviate confusion as much as possible in so complicated a subject, and to obtain a distinct view of its whole operation and consequences, it is necessary to contemplate the operation of the system under the two following different aspects. *First*, The general effects which have flowed from it, to the advantage or disadvantage of the national resources, wealth and industry: *Secondly*, The effects which it has produced, and continues to produce, on individual fortune or circumstances, by the inroads which it makes on the rights of property and the principles of justice.

According to this arrangement, it will fall out, that, in our first view of it, we shall have to dwell on the favourable side of the question; and we shall be under no temptation to omit performing this part of our duty with the greater openness and candour, as there can be no need, in order to ensure the condemnation of the measure, to keep out of view any of its advantages; nor any doubt, on a full view of these, compared with its disadvantages, which of them ought to weigh heaviest in the scale.

Before, however, proceeding to trace the effects of the system in the order prescribed, we must previously take the liberty of obtruding a

few observations on some collateral subjects necessarily connected with the plan and the object of our work.

Those subjects relate to the share which the legislature possessed in carrying into effect the measure of restriction, and the merit and demerit, or responsibility, which belongs to it, in consequence of the situation in which it is placed, and the conduct which it has pursued in relation to this important measure.

It is apparent, that many of the consequences which have flowed from the measure of restriction, were totally unanticipated by the Government and the legislature; and when they resorted to the extraordinary law which dissolved the obligation between the Bank and the public, or rather suspended the power of the former from enforcing payment of their just debts against that body, they were not very amply aware of the consequences of what they were then doing. Nay, it would be no way hazardous to affirm, that when the law received the customary sanction of the parliamentary estates, many of the consequences, and those the most important which have followed from it, were totally out of the idea of the crowd of its supporters, and were only understood and forewarned by a few persons, whose opinions were disregarded and overborne,

and whose voice was scarcely heard amidst the noise, the forward, ready, and indiscriminating zeal of the supporters of the minister. Now, on the present subject, I must take the liberty of remarking, that whatever good may have resulted from the measure, and was not in the contemplation of the legislature, can reflect no merit on it; but, however hard the judgment may seem, I am afraid it must be acknowledged, that whatever evil has arisen from it, must all be thrown on its shoulders, and placed to its account in the catalogue of censure or blame; because a lawgiver should not be ignorant; and, however it may be excusable to do good by accident, it can never challenge any distinguished approbation, and it is not equally permitted to do evil. If legislators ever trespass the ordinary maxims and salutary rules of commercial obligation, from the erroneous expectation that good may arise, and they find themselves disappointed, and that evil is the result, to them must be attributed the blame which attaches.

Having attended to these necessary particulars, we now proceed to the consideration of our subject; and, according to the arrangement which we have laid down, *first*, to consider the general effects which the measure of restriction

has produced on the national resources, wealth, and industry.

It is an observation of Hume, who has left no subject of general importance and concernment in politics or morals, which is at the same time important and occult, and which requires for its developement extensive intelligence and profound discernment, unanticipated or unexplained;—it is an observation of Hume, that a sudden enlargement of the circulating medium in any country—a sudden increase in the quantity of money—will have the effect of putting into motion a greater quantity of labour and industry than existed previously to such increase.

It will call into birth many new projects and speculations, and urge on to new activity, the languishing exertion of the community. This effect, he argues, will be produced whilst the quantity of money *is increasing*, and during that time only; and whenever the circulating medium reassumes its relative proportion to the ordinary demands for it, that is, to the labour and commodities to be paid and circulated by it, business will recur to its former steadiness; industry will fall back to its usual level; and the same moderate activity, and measured adventure and enterprise, as existed formerly, will return.

This great writer does not proceed at any considerable length to elucidate his position by detailed reasoning; but, as he expresses it with his usual simplicity and clearness, and as it possesses almost prophetic relation to our present subject, I shall take hold of the opportunity to enrich my pages, by the quotation of his words at length.

“We find,” says Hume, “that in every country into which money begins to flow in greater abundance than formerly, every thing takes a new face; labour and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful, and even the farmer follows his plough with greater alacrity and attention. This is not easily to be accounted for, if we consider only the influence which a greater abundance of coin has in the kingdom itself, by heightening the price of commodities, and obliging every one to pay a greater number of these little yellow and white pieces for every thing he purchases. And as to foreign trade, it appears, that great plenty of money is rather disadvantageous, by raising the price of every kind of labour.

“To account, then, for this phenomenon, we must consider, that though the high price of commodities be a necessary consequence of the

increase of gold and silver, yet it follows not immediately upon that increase; but some time is required before the money circulates through the whole state, and makes its effects be felt on all ranks of people. At first, no alteration is perceived; by degrees the price rises, first of one commodity, then of another, till the whole at last reaches a just proportion with the new quantity of specie which is in the kingdom. In my opinion, it is only in this interval or intermediate situation, between the acquisition of money and rise of prices, that the increasing quantity of gold and silver is favourable to industry. When any quantity of money is imported into a nation, it is not at first dispersed into many hands, but is confined to the coffers of a few persons, who immediately seek to employ it to advantage. Here are a set of manufacturers or merchants, we shall suppose, who have received returns of gold and silver for goods which they sent to Cadiz. They are thereby enabled to employ more workmen than formerly, who never dream of demanding higher wages, but are glad of employment from such good paymasters. If workmen become scarce, the manufacturer gives higher wages, but at first requires an increase of labour; and this is willingly submitted to by the artisan, who can now eat and drink better,

to compensate his additional toil and fatigue. He carries his money to market, where he finds every thing at the same price as formerly, but returns with greater quantity, and of better kinds, for the use of his family. The farmer and gardener, finding that all their commodities are taken off, apply themselves with alacrity to the raising more; and at the same time can afford to take better and more clothes from their tradesmen, whose price is the same as formerly, and their industry only whetted by so much new gain. It is easy to trace the money in its progress through the whole commonwealth, where we shall find, that it must first quicken the diligence of every individual, before it increase the price of labour."

And again—"A nation, whose money decreases, is actually at that time weaker and more miserable than another nation which possesses no more money, but is on the increasing hand. This will be easily accounted for, if we consider that the alterations in the quantity of money, either on one side or the other, are not immediately attended with proportionable alterations in the price of commodities. There is always an interval before matters be adjusted to their new situation; and this interval is as pernicious to industry, when gold and silver are diminishing,

as it is advantageous when these metals are increasing. The workman has not the same employment from the manufacturer and merchant, though he pays the same price for every thing in the market. The farmer cannot dispose of his corn and cattle, though he must pay the same rent to his landlord. The poverty, and beggary, and sloth, which must ensue, are easily foreseen." *

The doctrine here developed by this illustrious philosopher, has been most conspicuously exemplified in the operation and effects of the restriction system; and if just attention is given to the passages now quoted, ample grounds will be perceived for assenting to its truth and soundness, as in them pointed out; and equal reason for admiring the profound and discriminating penetration and acute genius of its author.

The enlargement of the circulating medium which followed upon the measure of restriction on cash payments by the Bank, had an effect similar to its enlargement by a new accession of gold and silver; because, although the whole amount of the additional *units* of paper could not, and did not, maintain the full value each of those which previously composed the circulating

* Essay on Money.

medium before the augmentation took place, yet they did preserve *some* value, and did not deteriorate the circulating medium by *all* the amount of the nominal sum added. The absolute value of the whole circulating medium, after the additional sum of units was added to it, although not increased to the total amount of those units, was yet increased in an inferior degree. Although part of the increase, thus irregularly added, might serve only to glut the old channels of circulation, and simply add something more to the nominal price of goods, yet a part also found out new conduits for itself; put into motion new portions of industry, and served to increase the stock of labour and goods within the country. *Part* of the increase might be employed unprofitably, and might go to sink the value of the pound sterling currency—to increase the numerical amount without increasing the value of the circulating medium; but *a part also* of that increase was no doubt employed to better advantage, and went to increase the value, as well as the numerical amount, of the circulating medium. Although part of the addition might run into channels of gravel or sand, and sink down into the earth, or be dried up by the sun, and take its place in the circulation but as a name; yet a part also fell into more secure reservoirs,

and was preserved to the increase of the absolute value of the circulating medium.

Part of the numerary augmentation might not, and certainly did not, count *in value*; but a part likewise remained good and valid, and went to increase the value, as well as the numerary amount of the aggregate mass of the circulating medium.

While the former occupations, and property, and commerce of the country, remained without alteration, all the credit-money thrown upon the circulation, additional to what would have been there if no such law had taken place, could only operate to the degradation of the value of the units which composed it; because, while they were rendered more numerous, the gross value of the whole, taken together, was no more than it must have been when their number was less.

The whole amount of the circulating medium being a multiple of the unit in which it is reckoned, whatever increases the number of those units without increasing the value of the whole, must diminish the separate value of each. But the moment that any new work or branch of industry took its rise from this source, that is, from the abundance of credit-money arising from the restriction, a part of the load upon the circulation would be removed—the redundancy of

the circulating medium *so far* moderated or withdrawn—and *so far* would recover or maintain its value. And if the new trade or speculation, so set agoing, happened to turn out prosperously, an addition was made to the general wealth and resources of the nation. And, notwithstanding individuals might suffer in a different manner from other effects of the same measure, more hidden from a superficial view, yet more important and extensive, changing the value of money, and thereby violating *their* rights, to *whose lot it fell* in various compacts and transactions; yet the country in general might be improved, *for a time*, in point of wealth and resources, abstractly considered, and without minding or caring about the individuals to whom the separate parts of that wealth should belong, nor regarding the manner, whether just or not, by which it might have been transferred from the rich to those who formerly were pennyless. The gross amount of wealth might increase, but the separate possessors of it must have been different from what justice would have awarded. However much, therefore, the value of money might alter, and individuals suffer, by the consequent injustice, the country in general might rather seem to improve, and would actually do *so for a time*, until the security of property, af-

fect by the occult operation of the system, and the rapid change of circumstances—from rich to poor, and from poor to rich—from affluence to wretchedness, and from poverty to splendour, superinduced thereby among the individuals of the community, should cause desperation, hazard, and adventure, to introduce themselves into the manners of the people, and to take the place of a sober, and diligent, and rational effort, to better their condition, or to maintain their place and rank in society. The country might actually improve in wealth and resources, until a general demoralization, effected by the operation of the system, should counterbalance its specious, but meretricious, advantages.

And here I frankly make a concession, which might not perhaps have been expected from me, that probably the general interests of the nation, its wealth, industry, and power, have been *temporarily* increased and promoted by the operation of the system in question, however the private fortune and effects of individuals may have been collaterally most grievously oppressed and dilapidated thereby. The additional stimulus given to industry and enterprise, having probably been upon the whole judiciously directed—that is to say, the knowledge and sagacity of the private individuals gaining credit, or having

access to the additional portion of credit-money thrown upon the circulation, directing them to employ it in speculations which more frequently turned out prosperous than adverse—was, upon the whole, rather of advantage than disadvantage, *temporarily* considered, to the general interests of the state. This opinion, however, it must be confessed, is subject to much uncertainty and doubt; more especially because, at the time that the Bank extended its issues, many other causes concurred to increase the industry, and augment the exertion of the country. And the opinion here expressed may very possibly be an erroneous one; but, whether true or false, it by no means goes any length towards deciding the question, whether the measure of restriction has been, upon the whole, a beneficial one.

It has indeed been vehemently asserted, that we could not have gone on to the conclusion of the long and arduous war, just ended, without it; although upon what grounds this assertion has been made, it has never yet been distinctly stated. The assertion may, however, to say the least of it, very fairly be doubted; and may be shortly answered, as Mr Huskisson has done it already, by calling to mind, that our commerce, our industry, and our wealth, would have remained to us, although the measure which we repro-

bate had never been heard of. And if any person will take advantage of the concession here made, to contend, that those *possessions*—those sources of our power—have been in any degree increased by the operation of that measure: while we may grant the position to a certain extent, we must at the same time observe, that such advocate must be bold and extravagant indeed, and his opinion will be entitled to but little consideration, if he will go the length of estimating its effects at a rate so high as would be necessary to the ample support of such an opinion. It will be taking advantage of an explanation of one of the effects of the restriction system here given, but which we have never seen advanced by any of its advocates, and which we have taken notice of, as well in order to exhibit a full view of the subject, as to shew that we would not be held ignorant of any part of its effects.

But we have sufficiently exhausted this view of the subject. If the measure of restriction could be seen in this light only, and viewed separately from its effects in altering the value of money, it might perhaps appear even a beneficial measure. But all the advantages (and we admit them to be great) which banks can safely afford, are to be obtained without the suspension of payments.—Let us now proceed to investigate

the system under the *second* aspect in which we proposed to consider it, namely, with regard to the effects which it has produced, as respects the rights of individuals, and the principles of justice.

We have already taken occasion to remark, that the foundation of all prosperity in civilized states, depends on the strict observance of the principles of justice, and the most scrupulous regard to the rights of property. Whatever has a tendency to undermine those, aims a blow at civilization itself; and although, if hidden, the operation of its secret virulence may be slow and unperceived at first, it must ultimately, if allowed to go on, destroy the foundation of political greatness. No supposed advantages, however specious and imposing, can long compensate for the neglect of justice; and that state may be expected to go speedily to ruin, where the principles of justice cease to prevail.

Money being an article in denominations of which all contracts of alienation or sale, and of account, are stipulated, and all bargains for time and rents for payment fixed, how necessary and just must it be, that those denominations of money remain continually the same—that the property which those denominations represent, and in which they can always be realised, should ne-

ver be changed or tampered with, so as to render them different from what they were before; and, consequently, to cause the acquittal of engagements or contracts to be really different from actual stipulations? To what purpose shall the laws be very scrupulous and exact, and so much diligence and attention be manifested to fix and establish, with accuracy and precision, the boundaries and demarcations of individual property, and the rights of every subject, upon an acknowledged and intelligible basis, if a system be allowed to continue, which overturns and tramples under foot the whole fabric which serves to regulate the *measure* of their claims, one upon another?

This is the light in which the measure of restriction requires to be viewed, to arrive at a true estimate of its demerits. We must look to the effects which it produces on the separate and distinctive properties and interests of men. It introduces the principle of *hazard* or chance to mix with all the transactions of commerce and of common life; and does precisely the office and the mischief which Johnson ascribes to gaming, when he thus characterises it,—“Gaming,” says he, “is a mode of transferring property, without producing any intermediate good.”*

* Boswell's Life of Dr Johnson.

It is in this view that the disorder in our money system, is as my Lord Grenville expresses it, "the canker which preys upon the vitals of the country." *

I have already, in Chap. IV. of the preceding Inquiry, endeavoured to explain the manner in which the injustice takes place, arising from any circumstance which occasions a necessary and forcible variation in the value of money. In that place, our attention was chiefly directed to the phenomena which occur while money *diminishes* in value, during which operation it is the *creditors*, in all permanent contracts, who suffer. It will be unnecessary here to enter into detail again upon the subject; but I may just shortly observe, that when money *increases* in value, the mode of operation by which it affects property is precisely similar, with this reverse of circumstance, that it is the *debtors* now who lose, and the creditors gain.

As the system retrogrades, those who, when money was at its lowest value, and the unit (or pound sterling) represented the smallest quantity of property, negotiated contracts stipulating to pay so many of those units, at an after period, in acquitting those engagements, by paying

* Speech in Parliament.

Great
Lancashire
Office are
all of the
Cankering
kind!!

the specified number now, when each represents a larger quantity of property than before when they contracted, are, in reality, no better than defrauded to the exact amount of the difference. He, for example, who took a lease in the year 1813, when the pound sterling represented no more than *seventy-nine grains of gold*, instead of one hundred and thirteen grains, which it ought to represent, (and, when the old laws of payment exist in force, of necessity must represent,) and was therefore equivalent to but *fourteen shillings and one penny* of lawful standard money, in paying his rent now, when its value is increased, and is equal to one hundred and eight grains of gold, and therefore to *nineteen shillings and two pence* legal standard money, it is plain, pays, in reality, five shillings and one penny per pound more than he bargained or intended to pay. In offering for his lease, he must always have squared his offer according to the *current value* of the pound sterling at the time, and calculated upon it as it actually stood; because the multitude always so calculate and so offer; and if *he* would not offer upon the same principle, he could have made no bargain, and got no lease at all.

This example seems to suggest the measure which the legislature ought to adopt, and which it is not only at liberty, but bound in justice to

adopt, for the relief of all persons implicated in engagements affected by the great and unfortunate variation of money which the law of restriction occasioned. It is bound to repair the injustice, so far as it is reparable; and the measure necessary for effectuating this very desirable purpose appears no less obvious, and simple, and efficacious, than it is just, necessary, and expedient.

After having determined the period when the restriction on the Bank of England is to cease, and the old laws of payment are to renew their operation and force—when the value of the money unit will return to its ancient standard, and when there shall be a legitimate security for its not again deviating from that standard—then let a schedule be made out of the current value of the pound sterling in all the years of the restriction, from the moment that the market price of gold varied from the mint price,* and the

* Although, in common language, we say the mint price of gold or silver, yet, properly speaking, the mint neither buys nor sells. It merely takes any quantity of bullion from the lieges who choose to carry it there to be coined, and returns it again, *all and whole*, in the shape of coin. The mint price merely expresses this transaction: it either takes and returns the same bullion, or it *exchanges* one quantity of the metals of gold or silver in the shape of coin, for another quantity of *equal weight* in the shape of bullion. The mint price of bullion, therefore, is nothing more nor less but simply the *name* or

pound sterling departed from its standard; and let the debtors in all contracts entered into during that period be authorised, by act of Parliament, to acquit their engagements according to the current value of the money unit at the time when they stipulated in that unit. This would be neither more nor less than to allow them to pay the precise quantity of gold for every pound sterling stipulated in their contracts, which it represented, or could command, or was equal to, at the time of their stipulation. Let them pay the quantity of gold they bargained to pay; and if not protected from paying more, (which the operation of this law compels them to do,) they must be defrauded.

If it be demanded, as it has often been, why should gold be considered the standard; and why ought men to be called upon to pay according to the sum of gold represented by the terms of their contract at the time it was formed?—it is answered, because the law has always consider-

denomination in multiples and fractional parts of our money unit, of any given quantity of gold or silver when converted into coin *according to law*. The mint price never varies, because it is in fact nothing more than the *expression of the law* as to the quantity of bullion contained in the denomination, which is called *price*. Thus, £3:17:10½ is said to be the mint price of gold per ounce. It is meant, in other words, that an ounce of gold must, by law, be coined into money which will amount precisely to that sum.

ed and *enacted* gold as the standard ; and because it is confessed, that the legislature, when they enacted the law of restriction, had no intention to alter the standard of our money ; neither did they propose to enact any other standard ; and because no other standard has ever been discovered equally steady and invariable in its value ; and further, because the laws which constitute gold the standard of our money remain still unabrogated, although their force be suspended by a law professedly temporary—the law of restriction.

Here follows a Table, made out from the only statement of the price of gold to which I have access, and which, I trust, will not be found very far from the truth. It is here given merely to shew the principle upon which we ought to proceed ; and therefore, in making the calculations, the fractions are overlooked. If the measure were adopted where it ought, the best records and authorities of the price of gold would of course be resorted to, and a table, minutely correct, made out ; but the one here exhibited shews the whole extent of the measure, and the great simplicity of the remedy for so many and so serious grievances.

In the first and second columns are arranged the mint price of gold per ounce, and the num-

ber of grains of gold in the pound sterling at the rate of the mint, or when our money is kept up to its full standard; exhibiting to the eye the connection which subsists between bullion and the measure of value, when the true laws of payment remain in force. In the third column is the year. In the fourth column is the market price of gold per ounce, shewing the deviation in all the years during the restriction, commencing in 1799, till the present time. In the fifth column is the number of grains which the pound sterling represented, or could command, in all those years, according to the market price at the respective periods. And, in the last column, is the sum, in the legal standard coin, which those different quantities of gold are equal to, or which the pound sterling represented, at the respective dates, and according to which all bargains stipulated in those years ought to be acquitted.

A TABLE, shewing the Current Value of the Pound Sterling in all the Years of the Restriction, since the Market Price of Gold varied from the Mint Price.

These two columns represent the connection between the Mint Price of Gold and the legal Pound Sterling, from which it cannot vary while the Laws of Payment are maintained, and the Coin preserved in order.			These four columns represent the variation of the Pound Sterling currency in all the past years of the Restriction, to which that measure gave latitude, and its actual Value in those Years.				
Mint Price of Gold per Ounce, or denomination of an Ounce of Gold in legal Standard Money new from the Mint, according to law.	Legal Pound Sterling, or quantity of Gold represented by that denomination of Money, when the Laws of Payment remain, and the Coin is preserved in order.	Years in which the Market Price of Gold varied from the Mint Price, in consequence of the Restriction, and, consequently, our Money from its legal Standard.	Market, or nominal Price of Gold, in those Years in which our Money varied from its Standard, in consequence of the Restriction on the Bank of England.	Grains of Gold represented by the Pound Sterling currency, in all those Years, as taken from the Prices of Gold in the preceding column.	Value of the Pound Sterling currency in all those Years, in Money of the legal Standard.		
£ s. d.	Grains.	Years.	£ s. d.	Grains.	£	s.	d.
3 17 10 ¹	113	1798	3 17 10 ¹	113	1	0	0
3 17 10	113	1799	3 19 0	111	0	19	8
3 17 10 ¹	113	1800	4 0 0	109	0	19	5
3 17 10	113	1801	4 4 0	104	0	18	6
3 17 10	113	1802	4 4 0	104	0	18	6
3 17 10	113	1803	4 4 0	104	0	18	6
3 17 10	113	1804	4 0 0	109	0	19	5
3 17 10	113	1805	4 0 0	109	0	19	5
3 17 10 ¹	113	1806	4 6 0	102	0	18	1
3 17 10	113	1807	4 6 0	102	0	18	1
3 17 10 ¹	113	1808	4 7 0	101	0	17	11
3 17 10	113	1809	4 9 0	98	0	17	6
3 17 10	113	1810	4 12 0	95	0	16	11
3 17 10	113	1811	4 16 0	91	0	16	2
3 17 10 ¹	113	1812	5 0 0	87	8	15	6
3 17 10	113	1813	5 10 0	79	0	14	1
3 17 10	113	1814	5 10 0	79	0	14	1
3 17 10	113	1815	5 10 0	79	0	14	1
3 17 10	113	1816	4 1 0	108	0	19	2

Before the ordinary laws of payment were suspended by the enactment of restriction, the pound sterling was tied down to the value of gold, and could not, by possibility, vary from it, and never did vary from it beyond a very small fraction, which the trouble or delay of coinage at the mint might occasion, and which only amounted to a trifle. The mint price of gold, which is, in the above Table, shewn in connection with the gold pound sterling, is neither more nor less than the simple expression in denominations of money, which the law determines for the ounce of gold; for, properly speaking, gold is neither bought nor sold at the mint, but is merely taken in there from every body who chooses to deliver it, and desire to procure coin, and is coined free of expence, and an equal weight returned to them in the shape of coin; and the mint price, as it is called, merely expresses this transaction. Now, those who deliver gold bullion at the mint, and get guineas in return for it, coined there according to law, (and, of course, of the legal standard weight,) must have in coin at the rate of $L. 3 : 17 : 10\frac{1}{2}$ for every ounce of gold delivered. If, for instance, they give a pound weight, or twelve ounces troy, they will get in return forty-four guineas and one half guinea, containing precisely that weight, (which, in multiples and fractions of the money unit, or in the

common denominations of money, is the same with L. 46 : 14 : 6,) and equal to twelve times L. 3 : 17 : 10½, or L. 46 : 14 : 6.

If there be an odd quantity in the amount of gold delivered, which is not sufficient to make up the smallest of our gold coins, that odd quantity must of course be returned in the other legal money, as in shillings, &c. If, for instance, the quantity of gold delivered be twelve ounces and twenty-eight grains, the value of the twenty-eight grains, amounting to about five shillings and three pence in our other legal money, must (there being no gold coin so small) be returned in silver and copper. But this does not invalidate our position, that the mint neither buys nor sells bullion, but merely takes it, coins it at the legal rate, and returns it. The person, therefore, who chooses to deliver one pound and twenty-eight grains troy weight of gold into the mint to be coined, can demand the return (or payment, if you choose so to call it) of the same weight in the legal standard money, that is, forty-four guineas and one half guinea and five shillings and three pence; and hence we say the mint price of gold; and to this extent is the amount or meaning of the expression.

Whilst our old laws of payment, then, remained in force, and a creditor could coerce li-

liquidation of his debt in the standard money of this realm, neither the coins which were certain fixed quantities of metal, nor the paper which was payable in those coins, could vary from the price of gold, being connected with it in the manner indissoluble which we see, and established inevitably by the operations of commerce, and of the principle of interest, whilst the obligation to pay remained compulsory.

But the obligation to pay being removed, the connection of the value of the pound sterling with the value of gold was dissolved; and hence the variation which followed in the value of money, and the fluctuation and unsteadiness which must continue to prevail till the old laws of payment be restored.

All contracts, therefore, which have been negotiated and concluded during the recent period that the value of our money has been disconnected with that of our standard coin and with gold, which remain to be liquidated when that connection shall be restored, ought to be paid according to the value of the currency at the time, or, in other words, of the pound sterling, when the bargain took place. Thus, a contract agreed upon in 1802, ought to be paid at the rate of 18s. 6d. per pound;—a contract agreed upon in 1806, ought to be paid at the rate of

18s. 1d. per pound ;—a contract agreed upon in 1811, ought to be paid at the rate of 16s. 2d. per pound ;—a contract agreed upon in the year 1813, ought to be paid at the rate of 14s. 1d. per pound ; as appears by inspection of the Table, and results from the reasonings which we have adduced.

It is plain that this rule ought to apply to every transaction where money was contracted, during the period of the variation, to be paid at a future time, which should remain to be liquidated after such rule should be put into force. Not only all leases of lands, houses, &c. and all bargains whatever for the payment of money at a future time, ought to be so modified ; but the amount and interest of the national debt contracted during all the years of the restriction ; and, in short, every stipulation for the future payment of money ought to be so arranged.

But the regulation ought to have no retrospective operation. All transactions settled and concluded previous to the establishment of this regulation, whatever be their nature, and whatever injustice they may have involved at the time, must remain as they are, untouched, and cannot be redressed ; because, to enter into the subject of past transactions, and to endeavour to remedy the injustice which is already committed,

would be a task impossible to be accomplished; for although the amount of it done in some transactions might be ascertained, in the greater number it could not with any sort of precision; and the difficulty of distinguishing where it could and could not be ascertained, and of drawing the line where redress ought and ought not to be given, it would be utterly impossible to settle to the satisfaction of the parties concerned, or of the country in general. This regulation ought to have for its object, to arrest the progress of the mischiefs which we have shewn to be inherent in the restriction system, not to remedy those which it has occasioned, already past. Indeed, the difficulties of attempting to remedy the past effects of the measure appear so numerous and so obvious, that it is needless to insist upon them.

But because the past effects, and numberless mischiefs and injuries arising from the measure, cannot be remedied, it is not therefore necessary nor advisable to allow those which are yet in progress to take effect. It is no reason that, because numerous individuals have suffered loss and injury which it is not possible to redress, we should refuse to arrest the progress of that measure which has caused them, and which must otherwise continue to produce innumerable more

effects equally pernicious. It is no reason that we should refuse to remedy or prevent the evil effects which continue to flow from it, so far as it may be practicable to do so, and consistent with the object to be attained, justice. Because we cannot do all the good which might be wished, it is no reason why we should refuse to do that which remains in our power.

I am not unaware of what a cloud of prejudices, and what a host of interests, are to be encountered in proposing such a measure as the one pointed out, however just it may be in itself, and however salutary, if adopted, it might prove. On every side difficulties present themselves. Ignorance must be exposed; arrogance must be humbled; party must be degraded; and avarice must be disappointed of the heaps within its view. But if the difficulties to be encountered on the one hand be formidable, the good to be obtained on the other, and the evils to be avoided, are serious and important; justice will be established, security introduced, and comfort confirmed to those classes, and those individuals, who must otherwise be seriously injured, or totally ruined.

The remedy pointed out would become a most important and seasonable relief, at the present juncture, to the agricultural interest, already

suffering under other misfortunes which it is impossible for the legislature to remove. It is the relief alone which the legislature can with propriety give, and to grant which the claim upon it is evident, imperious, and indissoluble. It would be a relief adequate to remove sufficient of the pressure of the present times on the agriculturist, to enable him to surmount the other difficulties with which he has to contend, without the impolicy of urging the legislature to other interferences which do not belong to it, and without subjecting him to the degradation of accepting from his landlord a remission of his rent.

It must be unnecessary to enlarge upon the great saving which would accrue, and the relief to the public and the finances of the country which it would effect, by the reduction produced on the capital sum and the interest of the public debt. Those topics, and their importance, must be sufficiently obvious to every person.

Neither will it be necessary, we should humbly hope, after the reasonings adduced in the previous part of this discussion, to observe, that the landlords and others, creditors in the contracts negotiated when money was at a lower value, will not be dealt unjustly by, nor have any reason to complain at being compelled to re-

ceive liquidation of their claims, constituted when money was at that inferior value, in money which shall be of the same value. This will simply be pure unmixed justice to both parties.

It were easy to prove this position by further reasonings, and to call to remembrance, that the actual value included in any given number of pounds sterling, stipulated during any period under the restriction, from 1788 to the present time, was precisely equivalent, as it always is, to the quantity of gold which it represented, or could command, at the particular time when such stipulation was made. It were easy to call to remembrance, that, but for the restriction, whatever sum might have been stipulated, it could not have represented less than 113 grains of gold for every pound sterling included in such sum. It were easy to shew, that if the creditor receives, in liquidation of his claim, the same quantity of gold which was represented or included in the terms of his contract, under the denominations of money specified therein, he receives substantial justice, no matter under what name or what denomination of money that quantity of gold may now be included in, or come under. It were easy to shew, that his power of purchasing or commanding all articles and commodities were not infringed on or altered. But this would

be merely to repeat our former reasonings ; and if any doubt is now entertained upon the subject, we must refer, for the more ample illustration of it, to the foregoing part of this work.

But then to redress would be to acknowledge a great and fundamental error on the part of the legislature: it would be to confess the incapacity of those men, the idols of a party, and the subjects of their highest panegyric, who presided over the counsels of the nation, and were looked up to, at the time of passing the law, by that legislature which sanctioned such a measure. To redress, would be to admit the true and superior knowledge of their opponents, and their own culpability in neglecting and disregarding those salutary warnings so often given them by the principal men of the opposite party. To redress, would be to acknowledge their own obstinacy in error ; for never was the danger of any measure more perseveringly pointed out, or made more evident to those who ought to have been able to understand the subject.

This, however, is the claim which the parties in all money contracts have upon the legislature. So soon as the period shall be fixed when the old laws of payment are to be renewed, and when the value of the currency shall rise to that of the legal standard, and even now, when it has

advanced so far above what it was at the lowest times of the depreciation, the debtors in all money contracts have a just claim to the redress which we have pointed out; and the creditors in those contracts have no right, in equity or justice, to oppose or be dissatisfied with the enactment of a law to correct the effects of a former one, and to adjust the rights of both parties, which the operation of the law to be corrected has put into the most unfortunate confusion.

But there is one observation which I must here make, before parting with this part of the subject, viz. that it is better to put a speedy period to the present system, even without redressing the wrongs which it has caused, than, by allowing it to go on, permit the seeds to be sown of more disorders and distresses, which must rise to maturity at a future time.

If redress of the evils occasioned by those laws is not to be allowed or expected, at least permit us to petition, that an end may be put to their longer continuance. It would indeed be well, whilst we abolish the measure, if we would remedy the evils which it has occasioned, so far as they are susceptible of remedy; but let us at all events abolish the system. The evils, to be sure, in this case, will be just double what they might be; but then there will be a prospect of a

termination to them. Were the remedy applied, we should only have sustained the injustice occasioned by the first progress—the rise of the system; if not, we must bear also the injuries of its fall. But by all means let us have an end of it, otherwise our misfortunes will not terminate, even where they are; but a new round of the same iniquities, occasioning the same, or still greater, distresses and discontents, must, rationally speaking, be expected to ensue.

SECTION II.

*Brief Historical View of the Origin and Progress
of the Restriction System.*

WE shall now proceed to give a succinct historical sketch of the origin and progress of the Restriction System. This will be of importance in various respects. The great bulk of the community have given but little attention to this subject, and appear to be but little aware of its vast importance. Most people cannot even tell the period of its commencement; and they are equally unacquainted with the history of its progressive effects, as with the change which it introduced into our money system. It will be our business now to obviate this disadvantage; and, by taking a rapid survey of the origin and progress of this new system, to expose to the judgment of all its whole operation and consequences in one uniform prospect.

In consequence of transactions sufficiently notorious between the executive Government of this country and the Bank of England, during and preceding the year 1797, the Bank having conceded to part with a large amount of its gold to the minister, to be transported to the continent in the shape of subsidies to Austria and the other powers, found itself, from this, and probably other causes of alarm in the country, and from a run upon it in consequence, in some danger of being drained of its necessary stores, already too much exhausted by the concessions, which we have just mentioned, to Mr Pitt, and of being disenabled, if the run should continue, to make good its engagements to the public. The documents which prove these facts are contained in the correspondence between the Bank and the minister, published to the whole country, and to be found recorded in the public journals of the time, and in the proceedings of Parliament.

In this jeopardy, the Bank applied to the man who had seduced it from its duty to itself and the public; and an order in council was instantly issued to stop the Bank from paying the obligations upon it, notes or bills call them which you please. This was a measure of protection, which, to be sure, could scarcely be refused by the minister, after having urged the Bank into such fa-

tal measures and compliances, in the manner he had done. But as this was rather exceeding the royal authority, and as the Bank was neither protected nor bound by the order in council, an application to the legislature was necessary to confirm and render it effectual. This application immediately followed; and accordingly, in the year 1797, the Government recommended, and the legislature enacted, a law, freeing and protecting the banks of the country from the payment of their bills in real money—authorising the Bank of England to issue their notes without any legal check or controul, and all the other banks of the country with the controul only of passing under the obligation to pay Bank of England bills * for their own.

By this law, the whole system on which depended the sameness of our money unit (the pound sterling), and the stability and steadiness of all our money, was overturned. The ancient and ordinary laws of payment were suspended—the connection between the value of fictitious or

* We use the word *bills* here, because, although every novice knows that promissory notes and accepted drafts are equally bills, the one as much as the other; yet there is a charm in the word *note*, from people being accustomed to consider bank notes as real money, which hinders them from being startled so much as they otherwise would be at the suspension of payment.

credit-money and real or intrinsic money destroyed—and a compliment was thereby conferred upon the Bank of England, of as much capital as it pleased to make use of, or throw out upon the country, without interest, and without legal check, responsibility, or account. The consequence of this novel state of affairs was, that, after a short pause, in which the Bank of England seemed to contemplate with doubt the new ground upon which they were beginning to tread, an enormous and uncontrolled issue of paper was thrown out upon the country, not only by the Bank of England, but by the whole of the provincial banks also, who now found increased facilities of extending the circulation of their notes, arising from the increased circulation of the Bank of England, the sinking of the measure of value, and the ease with which they could now procure the paper of the Bank of England (their new legal tender), to what it formerly cost them to procure the legal standard metallic money.

Under this novel system of law and practice, the quantity of paper thrown upon the circulation, by the united issues of the Bank of England and the country banks, speedily became excessive, and went on increasing, till its effects became apparent in the increased nominal price of

all commodities, and the rapidly diminishing value of payments in all permanent contracts.

At this period (1811), the creditors in such contracts beginning to discover the loss they were sustaining—the dilapidation of their property, occasioned by the diminished and diminishing value of the pound sterling—made an ineffectual effort to revive and restore the ancient laws of real payment, but were ousted and marred in their endeavours by a new interposition of the legislature; and Lord Stanhope's bill repeated the solemn sanction of the legislature to the measure, and confirmed the protection of the Bank of England, the pillage of all creditors in old contracts, and the certain and inevitable progress of the system.

In this place, and upon this subject, we must not forget the manly and virtuous conduct of Lord King, and his strenuous and able exertions to stem the torrent of iniquity, folly, and injustice. The honourable stand at this period made by his Lordship, for the protection of the creditor in all previous contracts, was wise and enlightened; and his endeavour to inform the country of the real state of the case, by the exposition of facts in a law process, was the true and best method of doing so. The noble firmness of

his Lordship, in endeavouring to undeceive the country, notwithstanding the obloquy so unworthily and unjustly thrown, must ever be recorded to his honour; whilst, at the same time, the masterly manner in which he demonstrated the depreciation of bank notes, and the dangers of the system, left his adversaries but a slender excuse for their blindness and malignity.

The system was confirmed; the quantity of paper thrown upon the circulation continued to increase, and the value of the pound sterling currency to diminish, every day. The nominal price of all commodities continued to rise, whilst their real price—that is, their relative value to gold, the only standard ever *positively* enacted by law—remained the same, or very nearly the same. The quantity of paper thrown upon the circulation, under this new system, was pushed to the utmost extent possible by the country banks, whose profits were augmented, as well as those of the Bank of England, though not in the same proportion, and whose numbers were rapidly increased, in a remarkable manner, owing to the advanced lucrativeness of banking concerns.

It has been sufficiently demonstrated and explained by Hume, that the *value* of the circulating medium, or *whole aggregate mass of the money of a country*, can only be increased or dimi-

nished by the increase or diminution of the value of the property or goods to be exchanged or circulated by it. This proposition, demonstrable as it is, we shall not stop here * farther to prove, but content ourselves, for what is wanting in our own discussion in the proper place, with referring, for the full explication of the subject, to the works of that great philosopher and politician; and I shall here argue upon the proposition as a *postulatum*.

Now, the circulating medium, which is the whole aggregate mass of the money of a country, and whose value cannot vary but with the amount of goods which it has to come into contact with or to circulate, being a multiple of the unit in which its numerical amount is reckoned or estimated, it follows, in the most undeniable and demonstrative manner, that, if you increase the numerical amount of those units, you must diminish so much from the value of each. If, from sixty millions of pounds sterling, which suppose the amount of the circulating medium at any given time, and equal precisely to the value of the

* When treating upon the circulating medium, in the Second Chapter of our Inquiry, in our hurry to get forward to the present discussion, we took too little time to prove the above proposition, which ought to have been dwelt upon and demonstrated at length.

property which it moves and disposes in every direction, and in every particular instance, you at once increase it to seventy millions of pounds sterling, having the same office to perform—the same property and goods to move and to dispose of in every direction, and in every particular instance—the very same articles to come into contact with. Must not you diminish one-seventh part from the value of every one of those units—every one of those pounds sterling? Must not every article of the self-same aggregate quantity of property and goods to be moved and disposed of, and distributed in every direction, and in every particular instance, by any circulating medium, coming into contact with its proper proportion of a circulating medium consisting of sixty millions of units, represent one-seventh less than the same article, being brought into contact with its proper proportion of a circulating medium consisting of seventy millions of units? Must not the measure of value be one-seventh part less in the one case than in the other? Must not the article which, coming into contact with its necessary proportion of the circulating medium consisting of sixty millions of units, would represent six of those units, when coming into contact with its necessary proportion of the circulating medium consisting of

seventy millions of units—must it not represent, or be measured, by seven of those units? And if, in those cases, you call the units pounds sterling, must not this self-same and individual article, which came into contact with its proper proportion of both—must it not represent, or be measured, by six pounds sterling, in the one case, and seven pounds sterling in the other? The name can make no difference, nor confer the power of altering the nature of things, or of invalidating this evident, clear, and invincible demonstration.

It was in this manner that, after the law of restriction, the increase of paper which followed caused the increase which took place in the nominal price of goods. The circulating medium of Great Britain, which, before the passing of that law, might probably consist of something more than forty millions of sterling money, being increased progressively from year to year, was augmented, in the year 1813, to probably not much less than seventy millions of pounds sterling, which that law, by disconnecting the pound sterling from its standard, rendered it possible to force into the same channels of circulation, and gave latitude to the units of which it was composed to vary from their value, and to cause the infinite confusion and distress throughout the

country, which remains the latest lamentable consequence of that measure.

Those seventy millions, which, without increasing, *or but very little increasing*,* the value of property and goods to be circulated, were, in the year 1813, forced into the same channels of circulation in which the forty millions had before run, were of the same value, *or nearly of the same value*, with those forty millions previously occupying the same space.

We cannot wonder, then, that the value of the pound sterling should have been so grievously deteriorated, or that it should have been reduced, at its lowest degradation, to represent no more than seventy-nine grains of gold, or fourteen shillings and one penny of standard money.

Under the operation of the system, the circulating medium increased to somewhere about the extent we have stated, and out of all proportion with the increase of the goods or property to be circulated by it. The measure of value dimi-

* See Section I. of this discussion, where the manner is explained in which an increase of paper, as well as real money, does *in some degree* increase industry, and consequently, in the same proportion, the quantity of property and goods within a country.

nished in proportion, and all payments were deteriorated to the same extent.

Payments were made, and bargains acquitted, in those impaired pounds sterling, though contracted when their value was full and entire—to the advantage certainly, but unfair advantage, of the debtor, and in the same measure to the loss and depredation of the creditor.

Had matters (or could they) have rested here, it had been happy for those who were the unfortunate officiators in bringing into birth such a political monster; and the country would have suffered but half the misfortunes which the fatal measure was doomed to inflict upon it. Those who had lost once had been reconciled to their misfortune, because redress they had perceived to be hopeless, and complaint nugatory and vain. The measure might have been exclaimed against, but it must have passed off with its effects unamended, and died easily and silently away. Like many other iniquities, which, through the ignorance and presumption of their governors, have harassed and oppressed mankind, it must have escaped the penetration and scrutiny of the multitude; and its evils glided by without the greater number being able to divine whence their origin arose, or in what manner they could be remedied; and the few who could detect the

fraud, and could perceive clearly its cause, must have been compelled to submit to the injustice, and pocketed the affront.

But we were destined to be not so easily rid of the ruinous effects of this mischievous measure. We were ordained to be harassed, not only with the grievous and unjust consequences of a variation of money, arising from the *increase* of the quantity of paper in the circulation, but also to be oppressed with the still more ruinous, and equally unjust, consequences of a variation arising from the sudden diminution of the superabundant paper. We were ordained to be equally harassed with the rise and fall of this pernicious system.

It is the reaction of the restriction system with which we are now assailed, and under which so many classes and important interests of the country groan.

Things continued in the manner we have described for a time, getting worse and worse for the creditor in all permanent contracts. The quantity of paper increasing, and the value of the currency diminishing progressively, from the period that the Bank increased its circulation, and discontinued coining money at the mint to answer its notes. Matters continued in this state, perhaps with some small variation at different

periods, from a uniform and equal progress of depreciation in the currency, but with no material interruption or stop to it till the year 1814, when the great events which then happened, and the sudden termination of the conflict which had long engaged and afflicted Europe, suddenly deranging the established flow and ordinary channels of trade, long accommodated to a state of war, gave a severe shock to the commercial system, and caused the banks, for their own security, draw in their circulation. Trade became stagnant in many of its old channels; and it required some time before it could begin to flow into new; capital was locked up and immovable. The embarrassments necessarily incident to such a situation, and the doubtful state of commercial credit thereby occasioned, made it indispensable in the banks, for their own safety, to withdraw a great part of their accommodations to the public—formerly indeed too liberally granted, not from any fault in those establishments, or their conductors, but necessarily arising from the inevitable consequences of the system under which they acted; and a great part of those accommodations were withdrawn.

Perhaps other causes also, besides the one just stated, concurred at the time to determine the banks to diminish the quantity of their notes

in circulation. We have heard that, having speculated largely in the funds, in the previous large loan to Government, they had it not in their power to grant the accommodations which they formerly had done; and they could not sell out at the time without loss. Those causes would appear sufficient to account for the phenomenon; but yet, when we reflect upon the subject, and advert to the precise period when the reduction took place, we would almost be tempted to believe, that the banks, acting in concert, wished, by increasing the value of the currency immediately on the restoration of peace, to give countenance to a vulgar opinion, often mystically stated by those who wish it to be thought so, but without condescending to afford any explication,* that it was the war which caused the difference between currency and specie. From the universality of the reduction made by all the banks, and the extent of it, it is evident that the causes of it must have been universal and powerful; and probably the two

* A compendious mode of settling a point, admirably adapted to the conveniency of those who wish it believed to be exactly so, and to *their* capacity, who do not understand, and are incapable of explaining, any subject whatever. It is not, however, a method the most satisfactory and convincing.

first mentioned, especially the first, were the most efficacious of those which operated upon the banks.

But whatever were the causes, and whether they were numerous or single, which induced the banks to draw in their circulation, is no way essential to this discussion. It is sufficient that they did diminish, and greatly diminish, the quantity of their paper in the circulation. It is the fact of their having done so, to which it is at present our chief business to attend. That fact is sufficiently notorious to the whole country; and the diminution commenced about May or June 1815.

The Bank of England suddenly abridged its circulation; the country banks (perhaps necessarily) did the same; and, in like manner, as a gradual increase of numerical amount in the circulating medium caused a gradual increase in the price of commodities, so equally has a sudden abstraction from that amount caused a sudden diminution of the price of commodities.

It is indeed the nominal price only of goods which has been different in all these variations in our currency. In all these changes, the real price, or the relation which they bore to gold, the most steady of all commodities, and the only standard ever *positively* enacted by law, were the

same. But then, in the acquittal of all contracts, in the payment of all debts, it was the actual value of the currency existing at the time, which the debtor really paid, and the creditor received, whatever might have been its different value when the transaction which was then concluded was at first negotiated.

Since the enactment of the law of restriction, and since the first variation of the market price of gold from the mint price, the prices of all commodities have only been nominal; and there can be no security for their remaining the same, or continuing in any degree steady, while that system remains in force which enables the banks alternately to increase and diminish the quantity of the circulating medium, or the number of units which are contained in its amount,—that system which renders the circulating medium dependant, not certainly for its value, but for its nominal amount, on the interest or the discretion of a bank—which subjects it to the check and controul, not of a general principle which could not mistake, but to the arbitrary regulation of a mercantile company, who, so far from being capable of conducting, without error, that which is altogether beyond the capabilities of men, shewed themselves, when questioned by the shrewd and perplexing members of the Bullion

Committee, to be utterly unconscious of the extent and consequences of the stupendous discretion with which they were entrusted.

These laws, which we are now endeavouring to expose and to explode, are now settled to continue for two years longer from the month of July ensuing; and no dread seems to be apprehended, or suspicion entertained, of the possible consequences which may ensue. It does not seem to be suspected, that the continuance of those laws may give occasion to another revolution of prices equally great and equally sudden with that which we have recently witnessed;—a revolution which will diverge the value of our currency as far from its standard as it has ever been, and which will prepare the way for another revolution of prices exactly the same with that which we have just witnessed, and under whose effects the country now labours. Peace or war will not prevent this. If the present novel and extraordinary laws are indefinitely continued, we may reasonably expect, that when the present derangement of commercial credit shall be somewhat amended, and the alarm which caused the banks to abridge their circulation a little withdrawn—after the shocks of commercial speculation shall have exploded around us, and the fortunes of numerous individuals and classes of the

community shall be ruined or oppressively diminished—when these melancholy symptoms and too fatal proofs of the situation of the country, and of the reality of those evils, which we feebly, but ardently, endeavour to cancel and remove—when these external marks of danger shall be somewhat abated, and confidence shall be again in some degree restored—then this pernicious system, having run its course in its present new direction, and the banks, influenced by the natural and fair principle of interest and caution, or indeed of self-preservation, having reduced the circulating medium to the lowest quantity or amount which those considerations authorise them to suffer to run in its channels—then, being now freed from the dread of loss, or the check of interest, we may be assured that the system will again take its original course. The banks will return to their former prodigality; and the same gradual lowering of the value of money, which took place at the outset of this unwise system, will be repeated. The same succession of fall and rise in the value of our currency, which has already occurred, and exhibited, to our unfortunate experience, one revolution of the system, must follow. The same rise and the same fall of prices which we have already seen follow one another, the consequence of this

measure, must be indefinitely repeated; and revolution after revolution, in perpetual succession, must be the natural and inevitable progress of the system, till the laws which form its foundation shall be abolished, and the old system of the country be restored; or till some more terrible disaster than it has yet occasioned to overtake us, shall involve its termination amidst ruin and destruction. For, happy and fortunate must it be, if, notwithstanding it be allowed to go on to the extreme length here supposed and deprecated, it do not, in its explosion, involve consequences, and produce events, which are not naturally or necessarily connected with it;—happy if it do not involve, in the desolation of its crash, the innocent and the guilty in one common ruin, and if it do not produce events which are little in the thoughts or intentions of its advocates,—events which every friend to humanity and his country should deprecate and deplore.

SECTION III.

Cursory View of the Causes of the present depressed State of Agriculture.

THE causes which have produced the present depression of agriculture, are those which have affected the supply and demand of agricultural productions, and that which arises from the variation of money. The amount of this last can be easily ascertained with certainty and precision, and obviated in a very great degree ;—that of the former cannot be so exactly calculated, nor so easily obviated ; but, being occasioned generally by the simple accidents and ordinary chances of trade, they are happily not permanent in their nature, and must in a great measure depend for their remedy on the progress of events and the common principles of commerce.

It is of importance here, however, to take a review of those causes, other than that which arises

from the variation of money, that their nature may be properly seen and sufficiently understood, and that we may perceive if any, and what, remedy can be applied to them. It is particularly necessary and expedient, in the present discussion, to take a view of those causes; because, without this, we cannot obtain attention sufficient to consider the subject of the variation of money as bearing upon agriculture, and the influence which it has had in producing the present distress. Having surveyed those *other* causes, and set our minds at rest upon *them*, we will then be at leisure to examine, without distraction, the force and efficacy of that which arises from the variation of money; and to consider, with proper composure, the importance which ought to be attached to a relief from that cause of depression, which can be so easily and instantly given.

We now, therefore, proceed to take a survey of those other causes of the present distress, viz. those which have affected the supply and demand of agricultural productions.

The circumstances which have affected the supply and demand of agricultural productions, may be treated of under these heads:—*Increased production at home—diminished consumption—foreign importation.* Of those, the first mentioned

is by far the most important ; and upon it, therefore, we shall first bestow our attention.

Increased production at home has been occasioned, *first*, By improvements in the modes of agriculture ; *second*, By additional capital invested in it ; *third*, By abundant seasons for the three past years.

The train of circumstances which, during the late wars of the French revolution, conspired to render farming concerns more flourishing and profitable than they had ever been before, and to draw much additional capital into that department of our general employment and industry, have been numerous and important. In the *first* place, during the whole course of those wars, from the year 1795 to 1812 inclusive, the seasons were generally unfavourable, and the crops, with few exceptions, scanty and deficient, and commonly much below an average. At the same time, the consumption of agricultural produce was much augmented by a state of war ; the supply of fleets and armies being always ampler and more liberal, even to waste, above what the same number of men would require in peaceful times and private occupations, when supplied by their own economical attention and careful industry. Thus, an important augmentation to our ordinary consumption took place at the same time that the sterility of the seasons re-

right

fused, to the same exertions and industry of the agriculturist, an equal supply. Add to this, the effect on the market of large stores of provisions purchased and laid up beforehand, for the secure supply of those fleets and armies, occasioning sudden and extraordinary demands, and large drains on the market, at intervals frequently recurring.

Those united circumstances, at an early period of the war, occasioned all sorts of agricultural produce to have a ready sale, and at amply remunerating prices. A laudable spirit of improvement was infused into agriculture over every quarter of the country, and capital took a direction towards it.

Under these favourable circumstances, the interests of agriculture advanced in the most satisfactory and encouraging manner. Much improvement was introduced into the system of farming, the capital of the agriculturist was increased, his lands were improved, and already had he begun to extend his cultivation,—when a new circumstance occurred, which, whilst it threw gloom and stagnation over many important departments of our manufacturing industry, had the instant effect of advancing the immediate interests of agriculture, by presently throwing a great quantity of additional capital into that department. This new circumstance was

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the extraordinary and violent attempt made by the late Emperor of the French, and so long and vehemently persevered in, to exclude our trade and manufactures from the continent of Europe, sufficiently celebrated under the name of "the Continental System." This system of exclusion, at the period of its most rigid enforcement, was so far effectual in producing the purpose intended by its violent and impetuous author, as greatly to affect and distress our commerce and manufactures; and our differences with America, at the same time, contributed much to aggravate the evil. The cotton manufacture, in particular, was reduced to the lowest state of stagnation and misery. The distresses of the chief seats of that manufacture at this period, are sufficiently memorable; and it must be in the recollection of every body, that the extensive districts and numerous villages round the cities of Glasgow and Manchester, and depending on the cotton trade, were reduced to the most deplorable state of depression and stagnation, even so as to cause considerable disturbances in both places, particularly round Manchester, for want of work. During this while, however, and previous to the year 1813, agriculture was continuing to flourish and improve to a surprising degree. The large additions of capital already drawn to it, the exten-

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sion of cultivation already effected, and the increased production of the whole breadth of ground cultivated, arising from the improved modes of cultivation, seemed all, as yet, insufficient to supply the ample demands of our consumption, or to counterbalance the sterility of the seasons. The prices still continued ample and remunerating, and the farmer continued, with the most laudable spirit and industry, to extend and bring to perfection his improvements; and "the continental system," while it discouraged our manufactures, and prevented their export abroad, hindered, at the same time, any supplies of grain from arriving here; and the same system which was ruinous to our manufactures, proved, at the instant, the life and encouragement of agriculture, and forced a large accession of capital towards it.

The necessary and inevitable consequence of all this was, to ensure increased production at home at a future time. In those times of discouraged manufactures and doubtful commerce, every eye and every hand were turned to agriculture. Agriculture furnished at this time employment for thousands (I might say tens of thousands) of hands,* who were turned idle from the

* According to the accounts of a society instituted by manufacturers in the cotton trade, and receiving at this time

looms; and the capital let loose from manufactures was sufficient to support and set on those additional hands into the department of agricultural industry. The great augmentation of produce, already effected by the additional capital and improved skill embarked in agriculture, seemed still insufficient to supply our own wants; and no dread seemed at this time rational, of our markets being overstocked, or of prices being materially depressed, by all that the utmost exertions of improvement and industry could cause to be raised on our own soil. Every one seemed eager to encourage that attention to agriculture, and that improvement at home, which could render us independent of foreign supplies. And circumstances seemed wonderfully to favour such a hope. Much capital was removed from various departments of our manufacturing and commercial industry into the department of agriculture. In short, every portion of doubtful capital, set free from its former employment, did not waver long whither it should turn, or into what channel it should run, but speedily and clearly decided for agriculture. And many a thousand pounds, which

regular reports from the towns engaged in that manufacture, near *thirty thousand looms* were at this period standing idle and unoccupied in the west of Scotland, and connected with Glasgow alone.

but lately was employed in converting the raw material of cotton into yarn and into cloth, to be sent abroad, and to bring back perhaps returns in grain, was now employed in cultivating the surface, and increasing the produce of our own island;—that which formerly had moved the shuttle, now pushed forward the plough.

X The face of the country assumed a new appearance. Fields were improved, which had never before been marked with a furrow. Waste lands were cultivated; and heaths and mosses assumed the guise and the form of cultivated plains. Even portions of surface which nature seemed to have irrevocably denied to the use of man, were recovered; and the capital, which had formerly been employed in manufactures, and various other departments of trade, or which had arisen under the active exertions of the enterprising agriculturist, now caused lakes and marshes to disembogue their waters, and to expose their subterranean beds to all the operations of his skill and industry. This spirit was certainly laudable, and at that time appeared even necessary and indispensable; and no sort of improvements could furnish a more delightful subject of exultation and rejoicing to every true friend of his country and humanity. The means of existence, of comfort, and of happiness, were increased: But per-

haps this spirit, or rather the practical effects of it, was carried too far, and beyond the bounds which a rational calculation of probabilities and profits could sufficiently have warranted. To this accidental and unfortunate circumstance, the restriction system gave the most unbounded latitude and encouragement. By allowing the farmer, as has been emphatically said, to coin (or rather, under the new system, to print) his corn-fields and his cattle into money, it enabled speculators to set agoing improvements which they had not the means of carrying through, and which were not calculated to repay.

But all this while, previous to the year 1813, the additional capital invested in agriculture had not yet become fully productive, but remained in the soil, germinating the seeds of future superfluity. Those parts of it which had been employed in cultivating new portions of ground, in improving heaths, and in converting bogs and mosses into corn lands, had not yet brought forward their productive effects. The period was yet distant, when the crops were to be gathered from those extended portions of cultivation; and still farther distant was the time when they were to arrive at the full period of their productiveness. The first crops on those newly cultivated lands were poor and insignificant; and it was

not till after a process of years, when their *mould* was improved, and meliorated by successive operations, and repeated exposure to the influence of the light, that its proper effects came ultimately to be reaped and realised.

But that period at length arrived. In the year 1813, while those improvements and extensions of agriculture were still prosecuted with undiminished eagerness,—when a great portion of those causes of increased production, which we have just reviewed, were arrived at their maturity,—a bountiful season, an extraordinary crop, overtook us.

But this did not damp the confident ardour, or depress the exertion of our agricultural speculators. Notwithstanding the partial check, and trifling deduction on the price of produce, they continued to proceed without interruption or dread. No portion of land seemed too expensive, no heath too barren, for them to cultivate; and improvement continued still the order of the day, and was still maintained, when, in 1814, we acquired a crop which was certainly not less—it is probable was considerably more—than an average. But much of those improvements which were now so long in progress, and those newly cultivated lands which were now several years under rotation, were arrived at the utmost

pitch of productiveness, which the capital and skill of the best farmers in the world could confer upon such portions of ground; and the whole cultivated land of the country, was improved by the same capital, and skill, and enterprise, when, in the year 1815, one of the best seasons and most luxuriant crops which has been at any time bestowed upon us, arrived. And, when we consider the extended cultivation—the additional capital invested in agriculture, and the additional skill acquired—when we consider those powerful causes of increased production which we have now surveyed—the greater breadth of ground cultivated, and the better cultivation, we shall be in no doubt or hazard in asserting, that a greater quantity of grain stood upon this island—a greater quantity of agricultural productions were reaped from the ground in crop 1815, than were ever acquired before since the invasion of Cæsar, or since the origin of farming.

Without laying much stress, then, or even keeping out of view the supply of grain which at this time arose from foreign importation, the causes already detailed of additional supply at home, from increased produce, might appear, one should imagine, to be sufficient of themselves to have produced a very considerable effect towards the depression of our corn markets. But, when

just remark
we take into view, that at this critical period a cessation from a state of war took place all over Europe, and attend to the diminished consumption thereby occasioned, and the breaking up and sale of various portions of government stores at the same moment, a very strong case, and sufficient to cause a very great depression, seems to be made out. In addition to the other causes of diminished consumption at this period at home, may also be stated the departure of two hundred thousand prisoners of war, and the consignment of a large portion of our own troops, with their attendants, to live upon and consume the provisions of another country.

When we then consider, on the one hand, the *diminution of consumption* produced by these circumstances attending the peace, and reflect, on the other, on the *great augmentation of supply*, arising from the additional, extended, and improved cultivation, and from the bounty of the seasons, meeting, as it were, in the full tide of opposing currents, the strongest possible case of depression of price seems to be made out, and such as appears sufficient to preclude surprise at any diminution of prices which could possibly be the consequence.

Indeed, it would appear, when we consider the situation of affairs in relation to agriculture at this period, that nothing more could be necessa-

ry to be sought after, fully to account for the present low prices, depressed as they are.

But it is difficult, if not impossible, to estimate, with precision, the exact force, either separately or jointly, of causes such as these, or to estimate with certainty their particular or united effects. One may, indeed, be sufficiently assured, that such causes do exist, and operate to a certain extent—he may know, that they have some influence in producing the general aggregate effect which exists upon the whole; but he cannot be sure of the separate weight or energy of each, nor how much of effect they ought all jointly to produce. Those causes depend for their *momentum* on so many different and variable combinations, that one can only guess at the separate importance of each, or the joint efficacy of the whole, but can never determine with exactness or certainty, their quantity or amount.

There is yet another cause, therefore, which must come in for a share of effect, and that not an inconsiderable one, in producing the present depression of the prices of agricultural produce. It is that which constitutes the chief cause of the diminution in the prices of *all other articles*, and the amount of its effect can happily be easily ascertained and pointed out; while as strong a

*in Jan 1813
Went 22/6
in Sept 1816
Went 46/6
Shoff
not count
accumulated for
when the
Bank was
in equal
force at
both periods*

claim exists as can possibly be made out against the government and the legislature to grant redress. This is that arising from the alteration in the value of money.

Those other accidents and circumstances affecting agriculture, which we have heretofore been considering in this portion of our work, as numbering among the causes which have produced the existing depression, as they are of such a nature as to be without the pale of legislative interference or redress, so are they happily but of a transient nature, and cannot affect agriculture with any lasting injury. And provided relief from the cause of depression, arising from the variation in the value of money, be speedily given, the agriculturist may yet entertain the hope, not only of speedily surmounting his present embarrassments, but of preserving his capital from too serious a deterioration, after the present difficulties shall be over and dispersed.

This is the cause of depression which the legislature having itself occasioned by the enactment of restriction on the Bank of England, it not only *may* interfere with and remove, but it is *bound*, by every consideration of justice and expediency, to do so. The mode of affording this relief has already been seen, and it is equally simple and efficacious. It is the only proper

relief which an impartial legislature can extend to the agriculturist; and it is that which the latter has every claim which justice can warrant to expect from it.

The legislature ought to enact a law, entitling all persons who are liable to pay money under contracts negotiated and concluded during all the years of the restriction, while the pound sterling varied from its standard, to acquit and liquidate their obligations, by paying the amount of gold or standard money represented at the time by the terms of those contracts.

To perceive the importance of that relief which would arise to the agriculturist from doing him this justice, it is only necessary to look back to the Table inserted in the first Section of the present discussion, (p. 124), where the sum is stated of gold and of standard money which ought to be paid in liquidation of debts contracted in those periods.

Thus suppose a farmer holds a lease which was bargained for and taken in the year 1812, of an hundred acres of land at L. 3 per acre, his rent will amount to L. 300. Upon inspecting the Table, and upon comparing the pound sterling with gold, it appears that it represented at that time 87 grains of gold, or 15s. 6d. of standard money; and that, therefore, was its current

*Should not the Landlords have
got redress when the effects
of restriction were vice versa*

value at the time. The sum of standard money, therefore, which the tenant ought to pay, is 300 times 15s. 6d. for that was the actual value and true amount of the real money price which he bargained to pay. His rent, then, calculated at that rate, will amount to L.232, 10s. which is the same *real value* when money is restored to its full standard,* that 300 nominal pounds represented when the currency was depreciated, and in that particular year or period of the depreciation. For it must always be recollected, that *they were not standard pounds sterling that were current when the engagement was contracted*; and it was in the currency then circulating, and at its *then value*, that both parties really contracted. The landlord, therefore, or other party, creditor in a contract so formed, and so acquitted, would have no reason nor right to complain. He gets, in fact, all the *real money price* agreed upon, and

* The value of money, although greatly augmented above what it was during the lowest times of the depreciation, is not yet come up to its full standard, and most probably will not do so till the laws of restriction be abolished. But, in the mean time, the injustice is great, of compelling the debtors in all contracts negotiated during those low periods of the depreciation, to pay in the present augmented money; the pound sterling at the present time represents 19s. 2d. of standard money. An immediate regulation might therefore be made to allow a deduction according to the difference.

he has no right in equity to more. † He might indeed complain of the legislature, for bothering his brains, and torturing his hopes, with fancied riches, which he was not allowed to realise; because few men will be willing to give up advantages held out to their view, and almost within their grasp, however clearly it may be demonstrated that the claim is founded on injustice, when they have so strong a colour of law for it. But let the landlord reflect, that if the power is maintained to him of exacting, in the front of opposing equity, his rent in full standard money, notwithstanding the difference of its value when the bargain between him and his tenant was negotiated, it may not be ultimately for his advantage. He may get perhaps a few rents, till the capital of his tenant be exhausted, but then must vanish the extravagance of his acquisitions.

Nothing more need be said to shew the importance of this relief, but to look at the Table; and the grand feature in it is, that it neither degrades the tenant nor injures the landlord; it

† “By the money price of goods, it is to be observed, I understand always the quantity of pure gold or silver for which they are sold, without any regard to the denomination of the coin. Six shillings and eightpence, for example, in the time of Edward I. I consider as the same money price with a pound sterling in the present times, because it contained, as nearly as we can judge, the same quantity of pure silver.” *Wealth of Nations*, book i. chap. v.

neither takes nor gives a favour, but simply does impartial justice. Neither does it relieve the agriculturist, by throwing a burden of taxation off one class of the community on the shoulders of another.

So far as the pressure upon agriculture arises from the simple accidents and chances of trade, and the peculiar state of the country, no relief can rationally be demanded, or safely given, from Parliament. The agriculturist must, so far as these causes are concerned, take his lot as the sufferers in other departments of our national industry formerly have done. So far as these causes affect agriculture, any question of relief must lie totally between the landlord and his tenant; nor can the legislature interfere between them, farther than to adjust the derangement which itself has occasioned. The tenant must take the consequences of his bargain, unless the landlord chooses to relieve him from it. It must, therefore, become between them merely a question of expediency, and be decided on the principle regarding how far it may be the interest of the landlord to make an abatement of rent; but in this case it is essentially a *failure* on the part of the tenant. If the landlord gives him down one pound, or one penny, on the score of inability to pay, the tenant essentially fails.

But the legislature may very well interfere to prevent the tenant from being obliged to pay more than he actually bargained and engaged to pay ; especially when itself has led him into the unfortunate situation in which, in this respect, he stands.

It may very well interfere to settle, that the tenant shall pay his rent according to the current value of the pound sterling at the time he took his lease, or according to the quantity of gold which it then represented.

All men reckoned at that time, as they do at other times, on the value of money as they found it in their whole transactions. A farmer, in considering the offer he would make for a lease he was about to bargain for, would accommodate his offer to the value of the pound sterling as it existed at the time, that is, according to the length he found that denomination of money to go in buying and selling, which he would judge by observing the numerical amount of pounds he must give for a horse and for other articles in the market, and how many of the same denomination of money he could get for his wheat and for his oats there. And he would offer for the lease he wished to obtain, according to his estimate of the value of the pound acquired as we have stated. This is undeniable. He would not

trouble his head to enquire how much gold it represented, or whether it was of the same value now that it was ten years before, or whether it should be different ten years afterwards. He never would suspect any such thing. He would scarcely, or very rarely, even possess a notion how he might be imperceptibly cheated, and perhaps ruined, by a change in the value of money. But he would certainly make his offer according to the value which he perceived the pound sterling to possess at the time, for of that he could well judge. And he would, in ninety-nine cases out of a hundred, consider it as a thing which never changed. He would never probably suspect, that by the operation of a new and unprecedented law, whose effects he no more understood than the legislators who enacted it, that this denomination of money, this pound sterling in which he bargained, was rendered incomparably more changeable than it had been before. He would not know the consequence of its being by that law disconnected with its standard, or with the value of a commodity which varied but little, and to the value of which, before the disconnection effected by that law, it was firmly tied down and held immovable. But because the farmer, or other party in a contract, did not know, or did not understand, the effects of this new and pernicious law, is he

the less entitled to protection from its consequences? Is he to be ruined by the operation of this law, and is that legislature which enacted it not to step forward to his relief, when to accomplish it is so easy, and the mode so obvious?

Much absurd and ignorant censure has been thrown out on this subject. The farmers have been blamed for giving high rents, and the purchasers for giving high prices for land. Nothing can be more idle and ridiculous than such charges. Nothing can be more unwarrantable, or more reprehensible, than the conduct of those persons, who, insulting without remorse the present grievances of the agriculturist, will tell him with grave faces, and arrogant pretensions, that those individuals were to blame for calculating on the permanence of what they are pleased to term extravagant prices.

The farmers were not to blame in calculating on prices which, so far from having any appearance of diminution, were still going on to increase; nor for offering rents in conformity with the prices of the productions of the earth. Neither were the purchasers of land. It was the *system* which led them astray. The farmers and purchasers of land, like other individual members of the state, took things as they found them,

and it was not their business to regulate the money of the country. They did not perceive why they ought to distrust these calculations more than before. The name of the money unit, the pound sterling, remained the same, and they had no conception that it could be really different from what it formerly was. Equally far was it from their thoughts, that it might again suddenly become tantamount to its original rate, and represent a higher value than it did at the existing time; and it very far outstretched the comprehension of the multitude, in what manner those various changes and alterations in the value of money, of which they might hear, could affect them with disadvantage or with danger. Neither did they reflect, or believe it possible, that a law, haughtily overbearing all the ordinary and acknowledged rules of commercial obligation, and made by arrogant but ignorant pretenders to statesmanship, could be allowed, through carelessness or incapacity, to bear down and oppress them. They reckoned upon things as they were accustomed formerly to reckon, making no account of the new circumstances and the new laws to which they were rendered amenable. But what shall we say to those men who brought them into this unhappy predicament? And still more, what are we to say, if they are so igno-

rant as not to be conscious of the mischief they have occasioned, and so perverse as to refuse to give it a remedy?

It was no disgrace to farmers, and manufacturers, and merchants, to be ignorant of the consequences which were to follow from the restriction system. It was no part of their business to be acquainted with these things. They might know them if they pleased, but it did not belong to their *duty*. But for legislators to be ignorant—men, too, who are but little in the custom of scrutinizing the measures which are propounded for their adoption—for them to be ignorant or careless of effects so important and so palpable,—this indeed was disgraceful:—here rested, and here must rest—shame!

I say, what shall we say to those men who brought the farmers, and others, into their present situation? What shall we say, when we behold the farmers, and all those who, in any period of the depreciation of our currency, arising from those new laws which we deprecate, have made stipulations to pay money, oppressed by endeavouring to liquidate those contracts, now when money is advanced, and is so much more valuable than it was when they contracted, or ultimately when it shall be fully restored to its original value, by the abrogation of those laws?

or when it varies to a different value, under the operation of the present system? And still more, what shall we say, if they have not the courage or the honesty to grant a remedy?

Shall they persist, and, sheltering themselves under the ignorance of the multitude, and its incapacity to detect their errors, refuse to grant redress in so crying a case? If they had the manliness or the courage to acknowledge the evil, and to put an end to it, they might be entitled to forgiveness, if not to praise: But if they continue obstinate, while the effects of the system are so glaring and destructive, must they be spared? Must we be afraid to ruffle with our touch a fold of their garments, or to sully, with the slightest breath of censure, the false glitter of their spurious and illegitimate reputation? Must Britons tremble to speak of such men according to their deserts, or to tarnish the fair flourish of their undeserved and unhallowed laurels, with the voice of truth? Then may we bid adieu to that liberty which is our birth-right and our boast—the palladium of our national independence and our greatness—the foundation of our virtues, and the fountain of our prosperity. No! let the loud and universal voice of an injured and indignant people, too unequivocal to be denied, and too powerful to be resisted, scowl

from the seat of power those men who are so unfit and unworthy to direct the affairs of this great nation ; and who have already been voted * by the Commons House of Parliament unfit and unworthy to direct them. Let the irresistible voice of an indignant nation, which such weak men are incapable to direct with advantage, or to govern with dignity or with authority, drive them from power, and consign them to oblivion.

But, alas ! whither do I run ? Whither do I conduct myself ? To what excess do I carry my reflections ? What rashness, or what idleness, propels me to this extremity, and urges me on thus far to speculate ? How easy will it be for the present ministers, if they are so inclined, to evade the concession of this justice ? How little will it be desired, far less demanded ? The country—the multitude, † ever difficult to be in-

* May 21. 1812, on the motion of Mr Stuart Wortley, for an address to the Prince Regent, desiring the formation of an efficient and powerful administration ; which motion was carried, and the address presented May 22. It is sufficiently memorable, that the attempts and “ negotiations ” then instituted for the purpose petitioned, soon completely failed, through the predominance of private motives, and “ dreadful personal animosities ; ” and the country was therefore compelled to be contented with an administration declared inefficient, and possessing not the confidence but the contempt of the country.

† By this term, in this place, I desire to be understood, all those of dull apprehension, although they may have the felicity to be worth ten thousand a year.

structed, and ever the dupes of interest or of faction, will be but too indifferent to what is of so much moment. And the Government, if it does not allow the furtherance of justice, the advantage of the country, and importance of setting it immediately to rights, (so far as that can be done,) to overbalance every other consideration, may easily decline a measure which there is no reason to apprehend will be in any manner urged or forced upon them.

Even the farmers themselves, and those who would be saved from ruin by the measure, it is too much to be feared and regretted, may rather be inclined to continue the present system, and to get back the accommodations they were accustomed to be indulged with under an excessive circulation of paper. And, indeed, one need but go among a company of farmers, to hear them express themselves to that effect. They forget, that the advantages of such a system cannot be permanent, and that they insure, in a shorter or longer course, a reverse like the present. They recollect the prosperity which they enjoyed when paper was abundant, and was issued without stint; and although that circumstance was not (as we suppose will be allowed by every one who considers the causes of agricultural prosperity stated in the beginning of the present Section) the only

or the principal cause of their prosperity, yet they are unwilling to believe, that what accompanied their happier days should be the cause of distress now. Having experienced the attractions of a paper system, and the specious but unstable prosperity which, in its progress, it held out to their view, they are perhaps not yet deterred by the check which they have felt, nor sufficiently convinced of its hollowness by the experience before them. And were it to be put to their suffrage, it is too much to be feared that their voice would be for a new trial of abundant paper. They would fondly imagine, that they might again experience the advantages of its rise, without being liable to the hardships of its decline; expecting to escape, or determined to disregard its consequences in the distance, and resolved rather to prefer present ease to future security. Inebriated by their excessive indulgence in a delicious and stimulating but deleterious aliment, they cannot relinquish the ensnaring beverage; but, like a wretch addicted to the vice of inebriety, they cling to their darling habit with an unconquerable and fatal fondness. In vain would you display to him the inevitable consequences of persevering in its excess. When his constitution is impaired, and his body enervated, and his mind enfeebled by the dire effects

of his ruling inclination, he ceases to struggle or to prevail against it. He gratifies to the last his predominant desires, till, enfeebled and borne away by the vicious indulgence, he no longer retains the energy and firmness to snatch himself from destruction, but yielding with a fatal apathy to the triumphant malady, sinks under its effects, and through his own irresolution, infatuation, and folly, he perishes, the victim of wretchedness and remorse.

Let us tear ourselves from the allurements of a system so pernicious—whose advantages are illusory and fleeting, but whose evils are permanent and dangerous, and must at last, if persevered in, terminate with our ruin. We have already smarted under the consequences of the first progress of the restriction system, and we are now suffering under those of its retrogression:—Let us arrest its march before a second crisis shall assail us, and shake again to the centre the credit of the commercial body and of the country, and shall try to the utmost the patience of the people. Let us stop its progress while it is yet in our power, and before it shall surround us with a ruin which we shall not be able to escape.

The present ministers, equally ignorant of the cause of those evils which press upon the

country, and without the courage to repair them, may look around upon the wreck which they have occasioned, with impotent fear, or with sullen indifference. Or perhaps disturbed at beholding those scenes of desolation which surround them, they may turn away from the sight of so many misfortunes, and from that dismal futurity which their misconduct and profusion have brought down and entailed upon the country, and may endeavour to fix their eyes upon some brighter specks * which yet remain to gild the gloom, and dart a faint ray of hope through the political horizon, mingling with partial streaks of light the general aspect of the clouds. But let them not suppose that this paltry device will serve their purpose, or suspend the attention of the people from the grievances which they feel. Ministers may endeavour to divert attention from the true causes of distress and proper subject of inquiry; but let them not suppose that accidental successes can permanently blind the people to their true character, or that fortune can long support men without capacity. Neither let them suppose, that because the people have borne much while they gave credit to their pretensions,

* See the King's speech from the throne at the opening of Parliament, where it is asserted that the country continues in a flourishing condition.

and to their conduct, and were deluded by their fortune, that they will still endure after the charm is removed, and the naked truth appears. Let them not imagine, that because much has been endured, there is no end to sufferance, or that the wealth of the country, which they draw upon and expend with such profusion, although great and robust, is altogether exhaustless. Let them not imagine, that because all the impositions which have yet been laid on it have been liquidated, that the capacity of payment can never be overstretched. You may add long to the burden of a patient pack-horse, but you cannot add for ever. His back will certainly break at last. The strength and patience of the animal, if you try it to the utmost, may be astonishingly great, but it can never be infinite.

Let ministers beware of carrying a system of extravagance to that point, beyond which the physical ability of the country cannot sustain them. Let them take warning before the ultimate crisis arrives, and not suppose that because it has not yet arrived, it cannot come. If no other argument will prevail with them to avert occurrences which every one would deprecate as sincerely as they, let them remember, that by amendment, they may save to themselves their

places and emoluments, as well as avert from their country calamities far greater than it at present endures.

But no,—nothing but a reform will do,—when we shall have a Parliament and an administration which will act with wisdom, dignity, and justice;—an administration which will be more attentive to general interests, and above bending to petty considerations;—and a parliament, which will not be drawn astray by a blind confidence in ignorant men, leading it to enact a law such as this, which, by its operation and consequences, has placed so great a quantity of the property of the country into such confusion, embarrassment, and difficulty,

SECTION IV.

Undue gains of the Bank of England, arising from the Restriction.

ONE of the most important collateral effects arising from the restriction, which can be separately considered, and which calls loudly for a remedy, is “the undue gains of the banks;” or the additional profit which accrues to the Bank of England principally, and to all the other banks in an inferior degree, additional to, and over and above, their ordinary profits, under the old laws of payment; the whole of which falls in the manner of a tax upon the public.

A great deal has been very recently said and written on other grounds, with regard to the advantages derived by the Bank of England from the management of the public debt and other business of Government. And, undoubtedly, the Bank does appear to receive very extravagant

remuneration for the work performed. But with the advantages of the Bank, in that respect, we have at present nothing to do. That subject does not belong to *our* discussion. We shall only therefore observe, in passing, that if the same sort of connection between Government and the Bank, as at present subsists, is to be renewed when the present arrangements come to a period, the public interest ought to be narrowly looked into, these being no times for extravagant remuneration. It is indeed to be lamented, that the government of a great nation like ours should not be far above the necessity or the inclination of holding such entangling connections with a bank as it does, and that it should not disdain the idea of accepting or reciprocating favours with it. But, in the mean time, a bargain is a bargain. Let good faith be maintained with the Bank, and when a new one comes to be made, if that must be the case, better terms may and ought to be obtained for the public.

But to return to the proper subject of our present inquiry, it is the gains of the banks, arising from the restriction, additional to, and over and above, their proper profits under the old and only just system—that system which compels them to pay their bills,—that we have to consider. And we beg to premise, in entering upon this subject,

that we should have no quarrel with these extraordinary profits of the banks, if it did not happen that they are all derived at the expence of the public. We now proceed to state in what manner, and to what extent, those additional profits are derived, and how they are caused to the banks, by the restriction measure.

The measure of restriction was, to the Bank of England, exactly *a present* of the amount of interest derived on the *increase* of the capital which it was by that measure enabled to issue, joined to the *interest* on the amount of gold which the same measure set it free to remove, without danger, from its stores. The profits derived, were according to the nominal value of the capital issued and kept floating in the country, and not according to its real value. The actual value of that capital was, in reality, no more than the precise amount which the Bank would have felt power to issue if the measure of restriction had not been resorted to; and no less was the degradation of the paper current in the country under this new system, than the exact surplus of the nominal amount in circulation over what it would have been on the only permanent and just principle—coercive payment.

But the Bank of England is not the only bank which derives unfair gains from the restric-

tion measure. All the banks in the country participate in them. Although, to the other banks, the compliment conferred by the measure in question was not so great, yet still it was considerable. To prove this, it is but necessary to consider, that bankers, as well as others, are only required to pay their debts in Bank of England notes by the present law. In London, the private bankers must pay their balances to one another in these notes; and the country bankers must pay their balances in the same notes, or what comes to the same thing, by bills upon London. Now, it is obvious, that the measure of restriction, by augmenting the quantity, and facilitating the acquisition, of those Bank of England notes, enables all the bankers in the country to increase their issues of their respective notes, and also sets them at liberty from keeping in reserve mounds of gold to answer them:—and precisely to the extent in which they increase their issues beyond what an adherence to the true principles of trade (holding it compulsory for every one to perform their contracts and pay their bills), would have allowed; and to the extent of the interest on that increase, added to the interest of their former “mounds,” (probably now removed into the

stocks), are what have been properly denominated the "undue gains of the banks."

If any circumstance were required to confirm the reasoning here adduced, to prove the existence of undue gains on the part of the banks, the most conclusive one presents itself in the great increase of private and country bankers, and the notoriously increased lucrateness of the banking trade, immediately after the operation of the system made itself apparent.

Nor will the vast amount of property realized by the proprietors of the Bank of England stock, and the unprecedented stores of undivided profits, which they are said to have accumulated since the year 1797, be surprising to any one who considers, that since that time they have been enabled, by the restriction which was then imposed, to increase their circulation from *twelve millions*, which it then was, *and for which they were then obliged to keep a proportional store of gold, to answer all demands*, to the immense amount of *twenty-seven millions*, which it advanced to in the last year, *without the necessity of keeping one shilling's worth of property in store to retire their notes*, to prevent their circulation from becoming excessive, and to confine and tie down their notes to the value which they purport to represent.

Now, keeping out of view the profits derived on the free and unrestrained use of those stores which they were formerly obliged to hold in reserve, and setting them apart as a fund sufficient to cover any additional expence of management, and materials which the increase of circulation would require; and also to stand against the contingency of a certain additional increase which might have been expected, without the restriction, in the ordinary course of affairs, I should suppose, that, to take the interest of the *additional* amount of capital issued and kept in circulation, as the measure of their extraordinary or additional profits, cannot be to over-rate them. Taking this estimate, then, as the measure of the undue gains of the Bank of England, the following will be an approximate state of them.

State, &c.

Years since the Restriction was established.	Capital in Circulation during these Years.	Amount above Twelve Millions, the Sum in Circulation previous to the Restriction.	Interest of the additional Circulation or undue Gains of the Bank of England.
1798	£13,000,000	£1,000,000	£ 50,000
1799	14,000,000	2,000,000	100,000
1800	15,000,000	3,000,000	150,000
1801	16,000,000	4,000,000	200,000
1802	17,000,000	5,000,000	250,000
1803	17,000,000	5,000,000	250,000
1804	17,000,000	5,000,000	250,000
1805	17,000,000	5,000,000	250,000
1806	17,000,000	5,000,000	250,000
1807	17,000,000	5,000,000	250,000
1808	17,000,000	5,000,000	250,000
1809	19,000,000	7,000,000	350,000
1810	20,000,000	8,000,000	400,000
1811	20,000,000	8,000,000	400,000
1812	21,000,000	9,000,000	450,000
1813	22,000,000	10,000,000	500,000
1814	26,000,000	14,000,000	700,000
Undue gains of the Bank of England, arising from the restriction, from the commencement of that measure, in 1807, up to the end of the year 1814			£ 5,050,000

We have thus, by the rule now explained, and which seems the most correct we can adopt, L. 5,050,000 for the extra profits of the Bank of England alone. This can, of course, only be an approximation to the true sum, which indeed the Bank itself could not exactly tell; but it is, in all probability, much within the mark. It is

plain, that the Bank Directors themselves could not tell to a farthing what they have made by the restriction, because they cannot tell what they might have made without it. But it is undeniable that they must have made a great deal by it, that measure being evidently to the Bank *a gift* of the use of capital, *without paying interest for it*.

Bankers have thus been incidentally granted an unfair advantage over the rest of the community, and have derived great profits from that advantage. If it be demanded, wherein is the disadvantage to the public in those advantages which the banks enjoy? I have already stated, that their increased profits are all gained at the expense of the public. All that is advantage to the banks on this head, is disadvantage to the public, is loss to somebody. It is plain, that whatever the public contributes to the Bank, it is disenabled from contributing to the public revenue. If the public be compelled to pay, no matter whether directly or indirectly, a tax to the Bank, or something of the precise nature of a tax, it is so much the less able to pay taxes to Government. The Bank, indeed, and all those whose good fortune puts them in the way of sharing in those gains, are the abler to pay. But how shall Government reclaim the wealth which it has given?

Now, although the great and important objection to the laws which compel the circulation of credit money, indubitably be the variation which they cause to arise in the measure of value, and the confusion in all contracts, and revolution of prices, necessarily concomitant, which they occasion, yet the peculiar advantages which the system confers upon a class of individuals, and the contributions which it thereby secretly draws to them from the rest of the public in the manner of a tax, although subordinate, are by no means unimportant objections to the system. Indeed, those advantages being a transfer of property, without equivalent value received, are but a branch of the common evils of the system.

But there are other disadvantages and dangers to the public, arising from this novel system of banking, and connected with our present subject, which it will be here proper to notice.

It has been said, that there could be no advantages derived from paper-credit and banking, if the banks were obliged to keep in store real money to the amount of the notes which they issue; and, to be sure, nothing can be more evident than the statement here repeated, which some persons are pleased to put forward as argument. But this is trifling. Neither, say I, would there be any profit to the underwriters, by

their trade of insurance, if every ship were lost, and every house burnt. The banks do not need to keep coin for every note which they issue, because, according to the ordinary course of trade and of events, they are never called upon to retire all their notes at once. But it is necessary to the security of commercial credit, and the safety of the public, that they be able to retire the whole of them when called on to do it. This is, indeed, the condition on which they carry on their trade. It is also salutary that they should know, that they must always be prepared to retire their notes when required; and that they can never be freed from the liability to do so. A very small quantity of specie, compared to the amount of their notes in circulation, will in general be sufficient to serve their purposes. What that quantity must be, which it is necessary for them to keep in store, no one would pretend to say, or to direct; nothing but their own experience can teach them. It is not, certainly, to be attempted to compel or dictate to banks what amount of specie they are to keep beside them. Leave that to themselves. Only keep the liability to pay hanging over their heads, which will sufficiently regulate that point, as well as prevent bankers from giving too great latitude to commercial credit, and from risking

too far their own. They must have their funds always in such a state, that if a run comes upon them, they may quickly be able to convert them into money. This is necessary, not only to maintain their own credit and good faith with the public, but also to secure the safety of the public itself. By this liability to be called upon to pay, credit is prevented from being overstretched, and a larger mass of floating or disposable wealth is maintained; and by this means the country is freed from the danger of having the consumable and disposable properties always necessary to its use and subsistence, too much exhausted.

By this liability to be called upon to pay the consumable and disposable properties of the country, which are necessary to its yearly, weekly, and daily support and subsistence, and the real money, and other disposable properties, which can at any time call in from foreign countries those consumable and disposable properties for immediate use, when their supplies become deficient at home, are prevented by the removal of all check upon the system of banking, from being converted into fixed properties and capitals, or into unconsumable goods by the banks, who always hold at their disposal so large and important a portion of the floating capital of the country. Bankers having in their hands that which every

man relies he can in a moment reclaim from them for his most urgent use, trusting too much to their not being called upon, may place those portions of capital which ought to be disposable in a situation where they are locked up, and cannot be immediately available, should the necessities of individuals and of the country require it. Although the bankers, under a sound system, when payment is compulsory, may not have a great proportion of their stock in specie beside them, compared with the amount of their notes in circulation, yet they must, and ought to have a great disposable capital, which they can, upon occasion, quickly convert into that article, at least to the amount of their notes in circulation. They must, and ought to have their funds in such a state, that if a run comes upon them, they may speedily be able to convert them into money. In ordinary times, and upon common occasions, there will be no call upon them to retire the far greater part of their notes in circulation; but upon emergencies this may be the case, such a call may be necessary, and they ought always to be ready to put themselves in a posture to redeem their whole obligations to the public. When a run comes upon them, they must and ought to pay their notes. This is the express condition on which they carry on their trade;

and when such a circumstance happens, it is not more for their own honour than for the public benefit, that they ought to be under a compulsory obligation to liquidate every debt. Those runs upon the banks seldom or never take place without some just reason; and so far from being an evil to be decried, or to be provided against by rash and pernicious interruptions of the just laws of commercial obligation, they are in truth necessary and advantageous, to probe to the bottom the soundness of a credit system, even resting upon the safest principles. Such runs upon banks, by recurring at intervals, when cause is given, prevent the dangerous consequence of too great an extension of credit, and the possible exhaustion of the necessary quantity of consumable properties and goods.

I say, therefore, that all the *specie* which a strict adherence to the true principles of trade compels bankers to keep continually beside them, is no more than a just security and necessary foundation on which commercial credit may safely repose; and that the limitation of their issues of paper required by the same admirable, secure, and unerring principles, is likewise no more than a necessary and indispensable check to that spirit of speculation and adventure to which their suspension gives too much latitude, and which is

ever found to expand itself in the same proportion, and to the full extent, of the facilities and encouragements granted to it. And I do not hesitate to affirm, that to those facilities, arising from the suspension of the true principles of trade, and to the spirit of adventure and speculation fostered and supported by them, may justly be ascribed the greatest and most general influence of all the operating causes of those great and unprecedented failures and embarrassments in the commercial world which have happened since the year 1797. I say farther, that when a country arrives at a very advanced stage of civilization and opulence—when commercial transactions multiply, and the stupendous fabric of civil society becomes altogether artificial, the advantage and safety of such a country demands, that those stores and securities which a strict adherence to the true principles of trade requires to be kept in the repositories of banks, and renders it necessary for them to hold in readiness and preparation, remain there as a guarantee for the speedy realization of the credit-money which they circulate, and ready to convert it into an instrument which will suit the purposes of those who took in confidence their notes—which will suit a foreign as well as a domestic market; and be available equally in times of danger and alarm,

as those of security and tranquillity :—that those stores and securities which a rigid adherence to the true principles of trade requires to be detained in the repositories of banks, are necessary to remain where they are, as a resource, ready and capable, of being suddenly employed in cases of calamity or of danger to the state, as in an example of universal failure or deficiency of crops; or a formidable invasion; or any like pressure. *Then* will appear the value, and benefit, and use, of a just proportion of disposable wealth. Then, without any restriction or trouble of Government, those stores and securities are set into operation, as an engine of power to prop the falling fortunes or avert the destruction of a country, or the starvation of its people. And such is the admirable capacity and adaptation of this engine, or rather such is the gracious guidance of those admirable and heaven-descended principles, impressed at the birth of nature by the benignant hand of the creating Deity, and established by HIM for the protection of blind, and erring, and unconscious man; that those stores this engine will instantly move in the direction necessary to repel the danger. In the one case, that of famine, the pressure will no sooner be felt, than those stores being drawn from their present holders, and transferred to the hands of individuals ever ready

to turn them with alacrity to the most advantageous market, they will speedily fly abroad, and grain will return. In the other case, that of a threatened invasion, the mode in which this mighty engine, stored property, performs its destined work, is precisely similar. Now perhaps by a restriction *momentarily* to be imposed, and to be imposed alone in such calamitous circumstances, the gold and silver in which it is concentrated, when let loose from its sacred seclusion for the consecrated purpose, may be directed by the Government to the defence of the state. And the whole disposable goods being available for the purposes of defence, will infallibly be directed, by the individuals possessing them, to the market which will best crown their exertions with profit:—the manufacture of arms—the clothing of soldiers—the productions of the munitions of war—the establishment of military stores at the points most threatened—the production of all these, and their speedy transport through the country to the threatened point, where the *acme* of their united powers is to be exerted, will be the grand object of pursuit. And how admirable and gracious is the divine direction which thus brings the mighty torrent of the accumulated strength of a civilized community in this overruled manner to protrude its vengeance on

the devoted ranks, and to prostrate the designs of the prowling invaders. These are the objects which will in this case demand the expenditure of the common stores, and which will, with the certainty of demonstration, while human nature endures the same, command and govern the direction of their force.

This is one of the disadvantages to the public, that the benefits of a mass of wealth or of power, that they might just describe it, is lost to the public; and if it be asserted in favour of the measure of restriction, that the time of its imposition was one of danger, although it was far from being of that urgent and imperious nature which alone could justify so extraordinary an infraction of the true principles of commerce, I shall not stop longer to dispute the point. I shall only observe, that the measure, if at all adopted, ought upon no account to have been allowed to continue in force so long as it has done; but, on the contrary, ought to have been very speedily removed; and ought now to be removed with the least possible delay.

It is not my intention (as I trust it will easily be believed) to throw odium or blame on any body of men acting under the laws. Nor can blame be justly attributed or due to any but the original authors and promoters, and those who

continue to support and maintain the measure in question.

The bankers cannot be blamed for the extra profits they have made, though derived from the loss of the rest of the community, under a system which was originally forced upon them. The private and country bankers, at least, had certainly nothing to do in the origin or bringing about of that measure ; and even the Bank of England can scarcely be severely blamed if it should have demanded a protection which it was almost compelled to require, by the drains of their cash advanced for the public service previous to the period of the protection, and most importunately and unwarrantably extorted from it by the minister of the day.

Their weakness, indeed, in acceding to his demands, may be liable to disapprobation ; and their reluctance to acknowledge the necessity of an early recurrence to the ancient and only sound system, we may condemn. But the rest of the evil lies in the improper and degrading connection of the government of a great country with any set of private individuals or company, and of conferring or accepting favours from banks.

The Bank of England may indeed, and must, part with more advantages, by the dissolution of the restriction and the restoration of the circu-

lating medium to a proper and sound state; but as they have gained the most by its long disorder, and have benefited so extensively by its late deterioration, it may be hoped that its members will have the wisdom, and prudence, and justice, willingly, and with a good grace, to give up advantages which are unauthorised by equity; and content themselves with securing, permanently, the most considerable part of those benefits which they have already reaped. And when it is considered (and none ought to know it better than they), how necessary it is to the security and prosperity of the country to return, without delay, to the ancient system of real payment, it might be expected that interest, not to say generosity, should induce them to be the first to recommend that return themselves.

On the present subject, it is due to offer a just and well merited tribute to the Bank of England. If its concerns under the existing system had not been superintended with a prudence, and circumspection, and self-denial, beyond all former example—a prudence almost super-human—under the present dangerous system, and the allurements of interest held out by it, the catastrophe which in general so speedily overtakes similar infractions of the same laws of commerce, and which, if sufficiently protracted, must ulti-

mately intrude, would long since have arrived, or the mischiefs which it has occasioned by the evils of variation, would have been greater and more aggravated than they yet are.

But when mortal men presume to regulate by the limited ken, and the limited information, which mortals can only possess, those mighty concerns which can alone be held in order by the universal principles which bind society together, and on which commerce is founded, the issue, the invariable issue, is certain. Although the measure of its march may be influenced in a degree by the knowledge of the community in which the blind or daring attempt is made, and may be retarded or accelerated by the conduct of those under whose guidance move the principal wheels of the system—by their wariness on the one hand, or their rashness on the other—yet it is certain that issue never can be permanently averted. The moment a statesman, however great his talents, forsaking the great and universal principles on which the frame of society rests its only true basis—moves the vessel of the state from her safe moorings—he the instant steps upon dangerous ground. He treads upon a volcano. The ground may seem stable—it may seem firm—but the workings are beneath. The verdure

may flourish upon its smiling surface. The air may seem pure and salubrious to his misguiding and misconducting senses :—but he may be assured, that the fires which are below, and which are working to his ruin, will sometime break forth ;—before he is aware, he will perceive the solid earth to move beneath his feet ; and if venturous he still proceeds till their contendings are increased, and till at last they arrive at their final confliktion, they will then infallibly and irresistably burst forth, and his bones shall be scattered in the flame of their destruction !

Shall man's weak hand presume to grasp so mighty an engine, which Omnipotence only can wield ? Will he pretend, unchastised, to interrupt the laws of commercial security ? As well might he pretend to regulate, by legislated provision, the agricultural system of the country—might prescribe by his *dicta* the mountains of cattle—and fix by his mandates the acres of grain. As well might he pretend to count the cattle on a thousand hills ; and to say to the farmer, thy flocks shall be numbered. Thou shalt plant wheat upon this field, and oats upon the other—thou shalt have a thousand cattle, and ten thousand sheep—thou shalt have a hundred horses ; and thy goats also, even they shall be reckoned. Avaunt ! away ! ignorant, little man !

—leave these things to the principles which can alone permanently direct them—the original and heaven-descended principles of society, of commerce, and of human nature. It is not for thy little and feeble hand to touch so mighty a fabric, which thy dim and motley eye may be able, and may be allowed to scan and admire, but which the brighter thy view, thou wilt always regard with the greater veneration. Go and busy thy hours with matters more commensurate to thy powers and capacities, and in which thou canst truly do good. Take care that the knife of the murderous assassin reach not the unoffending bosom of thy brother. Take heed that thy neighbour's goods be not invaded by the midnight thief. Take care that property, the means of happiness and life, be not transferred unjustly from the hands of one man to those of another. Legislate so, and thou doest thy duty. This is all that is required of thee: The remainder must be regulated by a power infinitely exceeding the force of thy feeble arm.

Were I to compare the capacity of the principles of social humanity, with the capacity of those floundering lawgivers who presume to interrupt or suspend their operation, I should call to mind, that although man wakes alternate, yet he also sleeps. But those heaven-born, and un-

erring, and eternal principles, which are founded on the unchanging attributes of man, which work unwearied as the sun in his never-ceasing circuit; whose influence is present at all hours, and in all places—in the humble cot and in the gorgeous palace; and which proceed on the general and experimental truth, that human beings will be actuated by those motives of interest and happiness, of which the non-observance forms the exception, not the rule—they “slumber not nor sleep.” They conduct, when undisturbed, all the jarring interests which exist in a great community, to one entire focus—the public good; and it is their power alone which can permanently support the prosperity of a state.

Does any man suppose, that if legislative interference were exerted with regard to the economy of agriculture, the supply would be better suited to the demand than it now is? Does not every one perceive, that the great and admirable law, by which the interest of the individual becomes the interest of the state, and verges to the same centre, accommodates the supply to the demand with a superior and unfailing certainty. How would it puzzle little but presumptuous man to perform this single task? What calculations! What surveys of counties—of the whole kingdom! What a learned board of agricultu-

ral distribution ! What a host of local residents to report to this learned body, and see their orders carried into execution ! What a pest to the farmer ! And yet, does any man believe, that with all this apparatus, this pageantry of office, the object could be accomplished as well as it now is, without the care or direction of Government ? Surely not. Yet, how effectually is it done by the unerring operation of the powerful principles which connect society. Fortunately for mankind, the case here supposed is in no sort of danger of ever occurring in actual experience ; because, if such a system were for a time attempted, the principle by which agricultural production is at present regulated could not be kept out of view, and would therefore quickly and inevitably supersede it.

But if it would be ruinous to interfere with any great principle of agricultural economy, it is also unwise to interrupt any great principle of commerce. If an interference with the former be more foolish, with the latter it is probably more dangerous.

CONCLUSION.

JUSTICE, as has been remarked,* is the first great principle of the prosperity of states. It is that on which the mighty fabric of civilized society rests its foundations, and by which alone it can be maintained entire, or preserved from ruin. The strict observance of justice will promote the improvement of civilized existence to the highest pitch of attainable excellence, or will maintain its stability when it is advanced to perfection. The total neglect or abandonment of justice, causes the instant destruction of the social edifice. The partial neglect, or simple relaxation of that great principle, produces its ruin by the slower process of disorder, decay, and final dissolution.

Smith somewhere remarks, that Hume was the first ("so far," says he, "as I know,") to make the observation, that it is the *security of*

* In the Introduction.

property which is the most powerful cause, and indispensable requisite, to the improvement and prosperity of nations. He himself elsewhere observes, that it is by the influence of this principle that countries often prosper to a surprising degree, *in spite* of the most absurd and injudicious regulations of commerce.

What is it that has caused wealth to accumulate, and industry to flourish, in Great Britain more than in any other country? The sacred and inviolable empire of the laws—the security of property under them—and the steady reliance which may be reposed in the protection which they afford, above what can be relied upon in any other country. But the laws ought ever to be enlisted on the side of justice, else their empire, instead of a blessing, becomes a curse. It is a law extensive in its effects, and constant and unintermitted in its operation, and which militates against justice, that we are fighting against, and labouring to overthrow.

Why is Great Britain more rich, more renowned, and more flourishing than Spain, or Turkey, or Germany? Why is the contrast here so great? Undoubtedly, because property (as well as personal and public liberty) is more certain to the possessor, and more secure. Property, like every other object of political assiduity and attention,

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betakes itself, through the sagacity, and interest, and discriminating views of those who accumulate it, to that particular situation where it finds itself safest and freest from danger. Look round the world, and you will find, that every country upon its surface becomes rich and flourishing, in exact proportion as its laws and government are favourable to justice; and in proportion as they are adverse or negligent of that principle, in the same proportion will be the degradation of the state, and the misery, poverty, and wretchedness of the people who compose it.

Whenever, then, any violence is done, or suspension allowed to the operation of just and salutary laws, a blow is struck at the very foundation of national stability.

It is no matter whether the violence which is done be open or covert; whether its operation be palpable and plain to the most ignorant and illiterate mob, or whether it be hidden from their comprehension by its accidental abstruseness. Its effects will ultimately prove the same. And if, in the one case, you avoid the disadvantage of a pernicious example, in the open and avowed contempt of justice, and therefore are free from that of a bad collateral effect, yet the inherent and simple consequences of any violence done to justice, will, if long continued, and extensively

spread, work out the ruin of a country without any foreign or adscititious assistance. In process of time, it will sap and undermine the political fabric, and dry up the sources of national prosperity.

It is not alone sufficient to the maintenance of the prosperity of a state, that justice be executed in private transactions; that robbing be prevented, and one man hindered from defrauding another. If the whole people be defrauded, without their immediately perceiving it, under the guise of a law, the effect will be similar. Every transfer of property or of money, which irresistably causes the transfer of other property, if it is not made for a full, and proper, and adequate equivalent, is an act of injustice. The equivalent may be of any sort whatever, whether services performed, or property exchanged; but, whatever it be, it ought to be an equivalent. If the Government, in paying its officers with money, which it can only acquire by putting its hands into the pockets of the people, its subjects, and which conveys to those officers the power of commanding the labour and the industry, or, which is the same thing, the productions of the labour and industry of the same people,—if, I say, the Government pays this money thus acquired, and having this power and effect, to those offi-

cers with due consideration, and for an adequate equivalent, it does right. But if it pays that money, inevitably so acquired, and inevitably having the effect which we have stated, without due consideration, and without the sanction of an adequate equivalent, it commits an act of injustice. And if it does so extensively, it will work out the ruin of a country.

Whether the violence done to justice arise from national profusion, (the extravagance of Government)—the corrupt administration of the laws—or the unperceived effects of an indirect and secret alteration in the measure of value, it is all one. If the operation of the measure lasts long, the effects produced will be altogether the same.—From the second of the modes of injustice just mentioned, we are happily and eminently free; but with regard to the other two, we are in just as bad a situation as it seems possible to place us. Our judicial tribunals, and the judges of our courts, administer the laws with unexampled impartiality, fidelity, and diligence, anxious alone to make justice predominate, and to consign property to its true, and legal, and just owners.

But what serves all this care and attention in the administration of the law, to cause justice to reign and every where prevail, if a govern-

ment gathers, with infinite pains, and trouble, and anxiety, the small but hard earned contributions of laborious industry, to transfer them over, with a thoughtless and wasteful profusion, in millions unregarded; and too often lavishly to reward those who have done but little to deserve such extravagant and undistinguishing remuneration; little to entitle them to monopolize so unmeasured a portion of the industry of those, whose forced contributions they are thus unjustly authorised to appropriate? To what purpose bestow such pains, and exhibit such attention to preserve unpolluted and pure the minor streams and subordinate branches of the political system, when the fountain-head itself is infected, and rank with corruption? To what end should a people toil and be industrious, if the rapacious and unmindful talons of a self-caring and *unpaternal* government must seize the better-half of their labours and acquisitions, headlessly and carelessly to bestow them without compunction or remorse, not upon merit alone, or in just remuneration for ample services, but in innumerable instances, and with a better will, upon worthless favourites, who have done nothing to deserve payment or pension? To what purpose, I say, be scrupulous and exact to administer justice in the detail, when you violate it thus in the gross and

by wholesale? This is being very careful to stop the petty leaks and small crevices of a vessel, while an immense gap remains, and admits the water unimpeded and unregarded.

But how much is such a situation of affairs aggravated and enhanced, by a vitiated and vitiating circulating medium taking its course through the country, like a subtle poison in the veins of the human body, subverting the ordinary functions and salutary rules of commerce and society, and converting to an instrument of oppression, and injustice, and discontent, that which is so admirably and eminently fitted, when, under proper regulations, to be, as it were, the arbiter of human merit, and the unerring administrator of impartial justice?

The circulating medium, or whole moneys of a nation, may be looked upon as a vast power set apart to divide and appropriate the goods of life, according to the deserts of each and of all: it may be looked upon as a vast power, moveable, divisible, and *intelligent*, ever ready to turn its course where it ought to turn it, and to be at the command of those who ought, and in the proportion in which they ought, to command it. Where is labour, and application, and skill, and industry in business? It is there. Where is talent in profession? Thither it flows in abundance.

and plenty. Where is idleness, and negligence, and sloth, or want of talent in profession? There it will not move, and is scarce. And why should it not be so? Those who practise the virtues, or possess the talents enumerated, *do a great deal for others*, and therefore it is no more than just that they should, by the same means, acquire the power of making *others do a great deal for them*. Those, on the contrary, who are the slaves and the victims of the opposed vices, or who have the misfortune to want the talents, *do little for others*, and therefore it is but reasonable, and only just, that they should acquire the power of forcing *others to do but little for them*. Accordingly we find, that the circulating medium, like an intelligent and discriminating arbiter of human conduct, flows in upon those different descriptions of persons, precisely in proportion to their merits and deserts.

It is only when left to itself, however, that the circulating medium acts the part and performs the functions of impartial justice. It must not be forcibly interfered with, nor lifted out of the hands of one man and placed in those of another, either clandestinely or openly, without an equivalent voluntarily agreed upon. When forcibly interfered with, it may be made, and too often has been made, the instrument and tool of the

most monstrous and oppressive injustice. When forcibly interfered with, as when taken by a robber, it does so. When forcibly interfered with, as when taken in taxes, if expended frugally, and for honourable purposes, no complaint can or ought to be made; but, if lavished with profusion, and for purposes dishonourable, unnecessary, or unjust, its iniquity ought to be exposed and proclaimed to the world.

Money being an article which confers upon every one who possesses it, the power of drawing or commanding to his use all other articles useful to life; so it must be necessary, that it should not be procured but by those who have performed some portion of meritorious industry or service for it, or who have already, by that, or other just means, accumulated property. This is evidently necessary, in order to prevent the consumption of goods beyond the measure of their production. In order that none may be able to appropriate the power of commanding articles which they do not produce, or possess an equivalent to give in exchange for, which may be tantamount to sustain their production; that those articles useful to life may not be exhausted by those who do not and cannot replace them; and that they may not be consumed in a measure or degree greater than that according to

which those who consume can contribute to their reproduction.

How necessary, then, must it be to the well being of a state, that money, which is the means of the transfer of property, should never be bestowed by those who collect or can command it, (whether it be individuals, or whether it be governments), on persons who do not perform services equivalent to its worth? When the contrary is done, an injustice is committed against the community, because a power is consigned unworthily of commanding the property, the labour, and the services, of every person in it, to the extent of the sum so improperly given; and although that may be trifling in each particular instance, yet a number of such improvidences, taken collectively, may press hard, and become an intolerable burden, to even the greatest nations. A bill is given (to take up a former allusion) against every person remaining in the community, payable at sight, in any commodity, at the will of the holder, and all for no value.

How necessary, also, and just must it be, that this circulating medium,—this faithful and inflexible instrument (if I may so call it) of *distributive justice*, should be kept pure and entire, and unadulterated—free from spurious, or variable and unsalutary currencies?

The advantages of justice are, that it dispenses to every individual member of the state, the power of acquisition and command over property to which he is entitled; or that which is proportioned to the exertion which he makes to increase its quantity, or to those exertions which he himself or his ancestors may have formerly made to accumulate it. Justice does not allow property to be passed over from the hands of one man to another, without some meritorious or useful exertion made to compensate it. And the great bulk of those meritorious and useful exertions will be found, upon the most ample survey of them, and perceived to be of a nature calculated to increase the quantity and accumulate the amount of property—of permanent possessions or consumable goods. We have thus a security bound up in the interest and general conduct of mankind, that property shall not be squandered or exhausted. But whatever relaxes the strictness of this system, and facilitates the transfer of property without value, and the consumption of consumable goods without securing their reproduction, endangers the safety of the community. A strained credit has this tendency; an immense taxation has the same. The first confers a power over property upon those whom we are not sure have the means or the in-

tention to cause its preservation or reproduction. The second transfers an immense power over property and consumable goods, without any reproduction at all. And the great *variations* of consumption and reproduction which take place from variations in the expenditure of public money, is highly detrimental to private happiness and public security.

It will be unnecessary here to enter into any elaborate justification of the rights of property, or to vindicate from doubt the principles of justice. This might indeed be useful; and, undoubtedly, too little attention by civilians and politicians has been bestowed upon the subject. It would almost appear that men are afraid to discuss it, as thinking it one perhaps of a nature too delicate for handling. But for this apprehension, there is certainly no ground in any real difficulty attending it; and nothing would contribute more materially to the consolidation of civil society on a firm and immoveable foundation, than a complete demonstration of the rights of property, which would establish them on a triumphant and unassailable pedestal of reason and intelligence. At the same time, we must admit, that if not treated of fully, and adequately, and well, it is better that it should not be touched at all. *De Carthagine satius est silere quam parcus*

dicere. The subject is indeed susceptible of the clearest and most satisfactory illustration ; but it would be deviating too far from the direct road of our discussion to enter deeply into it in this place, or to prove minutely, and in detail, the rectitude of justice, and the solidity and reality of the rights of property. Nor, it is presumed, will this be very necessary here, as those rights will not probably be called in question, nor any defence set up in favour of our present money system, or any other of our practices at variance with justice, on the ground of any uncertainty or dubiety in those rights.

We shall just observe, however, in glancing at this subject, that the discussion involves no less than the question of civilization and savagism. Whether mankind shall be that which we see them in their highest state of cultivation, or like the brutes of the field and savages of the desert? Without the observance of justice, and the acknowledgment of the rights of property, goods could not be accumulated, nor society endure. Without the accumulation of property, nothing great, nothing glorious, nor admirable, nor happy, could the face of human affairs present. All would be wild and desolate. Without this, we could have no flourishing and populous cities, and no refined pleasures. Societies could not

be congregated, nor mankind exist in multitudes. But it is only by gathering together in numbers, that men become knowing, intelligent, and refined. In a society, poor, and scattered, and simple, we may indeed figure to ourselves the existence of some of the ruder and more austere virtues, but nothing refined, or elegant, or excellent, or polite. It is leisure and liberty which are the nurses of every thing which is glorious, or estimable, or desirable, upon the earth. It is this which confers unexpected and unknown energy upon all our faculties, and a double gratification to all our senses. But until property be accumulated, leisure cannot be enjoyed; and it is by the observance of the rights of property alone that property can arise—it is by the observance of justice that mankind can exist in populous communities, because it is by the observance of justice that the means of existence can be accumulated in quantities, and prevented from being squandered to their certain dispersion, or utter destruction.

And what were man without the polish of society? Without justice or connection, mankind might exist in trembling and dreadful apprehension in the depths of forests, and in the bosom of mountains. Fearful and unfriended, his weak and miserable tribes might traverse the dismal

desert without aim or object, and amidst the dreary gloom of surrounding solitude, looking anxiously through its wilds for every object which might assail them, start appalled at the rustling of the breeze, or tremble with dread at the croakings of the raven. Scattered over the face of the earth in precarious numbers, and with an uncertain tenure for the continuation of the race, they might compete with the wild beasts for the means of *their* existence, and dispute with the lion and the elephant, not simply for the empire, but possession of the globe.

But freed by the aid of justice, and the sacred observance of the rights of property, from this awful, and miserable, and cheerless state of endurance, the race of men drawn near towards each other from their unsettled abodes, and assembled in numerous and populous communities, shake of the ferocity of a state of nature, and enjoy all the cheering consolations and multiplied happiness of civilized life. It is to justice alone that they can owe this melioration of their state.

“ Thus connected together, it was found,” says Blackstone, “ that a part only of society was sufficient to provide by their manual labour for the necessary subsistence of all ; and leisure was given to others to cultivate the human mind,

to invent useful arts, and to lay the foundations of science." *

It were easy to shew, in detail, the foundation and limits of property, as it is acquired, and as it is possessed,—to trace it from its original establishment, or through its gradual acquisition, by industry or virtue, and to demonstrate its rights in the clearest manner.—But we desist, and must now hasten to our conclusion.

The open violation of justice always incurs the decided hostility and unhesitating disapprobation of mankind. It is only when concealed or disguised from ordinary perception, that it escapes censure, because it eludes detection. With regard, however, to the effects upon the social structure of the non-observance of justice, so far as it operates by the amount of property unduly transferred, they are the same, whether it be open or whether it be covert. The example is indeed different. If open injustice were tolerated, or were not reprobated and repressed, it is plain that society could not for a moment exist. We should then have the prevalence of unlimited rapine—the government of force, and the dissolution of society. The extent, however, of wrong, by open violence, except where armies

* Blackstone's Commentaries, book ii. chap. 1.

intrude their plundering power, being necessarily and easily confined within small limits, can never endanger the security of society by the amount of property in that way transferred. It is the mass of iniquity which is too often committed by concealed fraud or legalized injustice, and the vast amount of property by that means irregularly and improperly transferred, that the internal peace and security of opulent states is brought into jeopardy.

In the manner we have described, it is, that whether injustice be committed by open robbery or by varnished fraud, it equally saps the foundations of political greatness.

The effects of taxation, when carried to a great extent, has the same tendency to endanger the peace and security of states. The effect of an excessive taxation, even when just and necessary, is bad enough; and cannot be prevented from always having, when carried to extremity, the same tendency to threaten the security of society as that of concealed injustice. But what shall we say of it when it happens to be unjust and unnecessary? In that case, what sort of palliation can there be for the displeasure and impatience, and in what manner can we deprecate the resentment of the sufferers under it?

We cannot then say, your debts and your bur

thens have been contracted in preserving you from slavery, or from foreign domination; you are most sacredly bound to endure and to discharge them. What shall we answer to a clamorous people, when we are conscious those debts and burthens have been incurred, not to secure our own country, but to destroy another—not to avert slavery and conquest from ourselves, but to forge domestic chains—to support public rapine at home, and oppression abroad? What shall we answer to the complaints of a people smarting under a load of taxation, incurred in such a manner, and for such purposes? Shall we reply, “Our voice is in our sword?” Must a standing army be introduced, to conclude the scene and to finish the tragedy? Shame, and justice, and patriotism—the glory of England, and the hope of Britons—forbid such a consummation.

If it be demanded, what do I mean by just and unjust taxation, the answer is plain: Just taxation is that which is imposed for legitimate objects; as the defence of the state from foreign danger, and for the necessary and proper support of Government; but not for objects which extend to aggression.

If it farther be demanded, what is the criterion for knowing or for *acknowledging* just from un-

just taxation, the answer is equally at hand: That taxation must be acknowledged to be just which is imposed by a House of Commons containing representatives fairly elected, and truly representing the different classes in the nation, and of course studious of the interest thereof; not by men occupying places confessedly bought and sold, "open as the sun at noon-day." A House of Commons, constituted in this last-mentioned manner, *may* impose taxation which is just, but there can be no security for their doing so; and if the people, with one voice, deny their justice, such a House cannot answer with a good conscience and a good cause,—we are your true and fair representatives, *you gave us the power.*

Unjust taxation is that which is imposed for purposes not necessary, or for the furtherance of purposes unjust, by whomsoever imposed; but of which the country at large could have no right to complain, if sanctioned by men fairly representing them.

I beg, however, to explain, that when I here speak of a fair representation, I do not mean a set of demagogues elected only by the mob, without sense, or honour, or justice. I would wish every class in the community fairly represented, in the combined ratio of their numbers, and wealth, and consequence in the state—in the

scale of society as it actually exists—and in the eye of the constitution. I would have the nobles, those pillars and ornaments of our constitutional fabric, represented as they are by themselves, and balancing, by their gravity, a whole order in the state. I would have the landed interest adequately represented. But I would not have the commercial body and the people totally excluded from any direct influence in our national representation.

Under the gigantic system of credit and taxation established in this country, even supported as it is by unexampled wealth, we can only expect to escape from a state of extraordinary exertion, and regain a station of relaxation and ease, by the greatest prudence and parsimony, and in a long course of years. But if the state of exertion and pressure, (I had almost said oppression,) which a load of taxes and debt necessarily imposes, and which must in the mean time endure, must, in addition, be aggravated by all the latent mischiefs of a vitiated and vitiating circulating medium, and if those uncertain evils are to be allowed to continue, by the maintenance of the restriction law, and to run their course, how are the mischiefs of confusion and exasperation to be finally avoided?

When we contemplate the evils arising from

this source, and consider, at the same time, the immense system of credit which obtains throughout the country, and behold the profusion and rapacity of Government augmenting and aggravating those evils, and pushing them on to their utmost extent, it is impossible not to tremble for the result, and to be convinced, that the most awful event which can affect human society, a REVOLUTION, can only be averted by a great and radical REFORMATION.

It seems sufficiently authenticated, that financial difficulties and pecuniary embarrassments had a very important influence, if not in producing the main causes and original springs which laid the foundation of the French revolution, at least in accelerating, and forwarding, and forcing into birth, that tremendous and terrible event.

I would not be held to imagine, that the more sober, and prudent, and sensible people of this country, with the experience which the present times afford, and the dreadful horrors of that terrible convulsion recently before their eyes, could be easily or rashly tortured, and goaded on to plunge their lives and fortunes into the abyss and whirlpool of revolution. I believe, indeed, and I hope, that if such an issue were attempted, the sensible and elevated part of the community, in this great and opulent country, would be

too many for the mob; and whatever mischiefs and miseries, arising from a mistaken system, they may themselves be doomed to suffer, they would, I am confident, start appalled from the idea of resorting to so dreadful an expedient. But it is prudent and proper to avoid the avenues leading to revolution. Even in this great country, mighty as the power of wealth is, even here, the power of the people, commonly so called, is still greater. Let us avoid, then, the avenues through which revolution may come—let us beware of “the last argument of the people.” The patience of a long-suffering country ought not to be tried to that ultimate point beyond which endurance never can be stretched. “The last argument of the people” ought ever to be kept at a distance. But hidden and impalpable evils are always more dangerous, and more ungovernable in their effects on popular fury and vengeance, when once it breaks loose, than those which are plainly seen, and of which all can perceive the nature and extent, and appreciate the effects, the causes, and the remedies. Those which arise from financial derangements, are always incommensurate with the intellects of the multitude.

In all ages, pecuniary interferences and derangements have been dangerous. “In 1306,”

says Voltaire in his History, "the severity of the taxes, and the mal-administration of Philip and his counsel in regard to the coin, raised a sedition in Paris." The majority of even the better informed cannot unravel the causes of the difficulties which envelope and oppress them, and which incessantly start up, in such a state of things, like the teeth of the dragon, into armed men. Let not those in authority, therefore, glory in the ignorance of the people, or rest too much confidence in the conviction of their incapacity to discover the occult causes of the grievances which harass them. Though the multitude cannot discover where the root of the evil resides, nor acquire a clear perception wherein a proper remedy consists, or whether it ought to be applied, they can feel its pressure. Although they cannot discover the origin of those evils, they can feel their weight. "Perplexed by sophistries, their honest argument rises into action."—"The last argument of the people, whenever they have recourse to it, will carry more, perhaps, than persuasion to Parliament, or supplication to the throne."*

When the burdens of a people are equitably imposed, and no unfortunate disorder breaks in

* Junius.

upon the system of its policy, to disturb the operation of the laws, or violate and suspend the principles of justice, however great those burdens may be, if they have been constituted in an honourable and worthy manner, great hardships may be borne, and patience displayed in quietly submitting even to their grinding operation. But if inequality is introduced, and injustice insinuates itself, and those grievances overturn and disturb the uniform and steady pressure of the endurings of the people—now elevating with hope, and now sinking with despair—the smallest accident is sufficient to rouse the feelings into fury;—to kindle the stern passions of the savage population, and to scatter into fragments the pillars of the state.

THE END.